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STRUCTURE OF INTERNATIONAL DRUG TRAFFICKING ORGANIZATIONS

HEARINGS

BEFORE THE

PERMANENT
SUBCOMMITTEE ON INVESTIGATIONS

OF THE

COMMITTEE ON
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

SEPTEMBER 12, 13, 1989

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STRUCTURE OF INTERNATIONAL DRUG TRAFFICKING ORGANIZATIONS

TUESDAY, SEPTEMBER 12, 1989

U.S. Senate,
Permanent Subcommittee on Investigations,
Committee on Governmental Affairs,
Washington, DC.

The Subcommittee met, pursuant to notice, at 9:30 a.m., in room SD-106, Dirksen Senate Office Building, the Hon. Sam Nunn, Chairman of the Subcommittee, presiding.

Present: Senators Nunn, Roth, Levin, Lieberman, and Cohen.

Staff present. Eleanore J. Hill, Chief Counsel John F. Sopko, Deputy Chief Counsel, Mary D. Robertson, Chief Clerk, Leonard A. Willis, Investigator, Harold B. Lippman, Investigator, Daniel F. Rinzel, Minority Chief Counsel, Stephen Levin, Minority Counsel, Mary K. Vinson, Minority Chief Investigator, Sallie Cribbs, Minority Executive Assistant to Chief Counsel, Carla Martin, Minority Assistant Chief Clerk, David Fonkalsrud, Minority Staff Assistant, Janet Rehnquist, Minority Counsel, Aaron Bayer [Senator Lieberman], Chris Mellon [Senator Cohen], Eric Whitaker [Senator Rudman], and Scott Williams [Senator Nunn].

[Letter of authority follows:]

U.S. Senate,
Committee on Governmental Affairs,
Washington, DC.

Pursuant to Rule 5 of the Rules of Procedure of the Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, permission is hereby granted for the Chairman, or any member of the Subcommittee as designated by the Chairman, to conduct open and/or executive session hearings without a quorum of two members for the administration of oaths and the taking of testimony in connection with hearings on the Structure of International Drug Cartels, to be held on September 12 and 13, 1989.

Sam Nunn,
Chairman.
William V. Roth, Jr.,
Ranking Minority Member.

OPENING STATEMENT OF SENATOR NUNN

Senator Nunn. The Subcommittee will come to order.

Today the Permanent Subcommittee on Investigations begins 2 days of hearings on the structure and operation of the international drug cartels. In recent weeks, news reports have brought home to all Americans the violence, the arrogance and the raw brutal power of the drug cartels. It has been difficult for all of us to accept that in these civilized times and in a modern democratic country in this hemisphere, judges, journalists, law enforcement officials, military personnel, a presidential candidate, the Minister of Justice and scores of innocent bystanders can all be gunned down at will in the streets of that country.

We have watched shaken and horrified as the Government of Colombia courageously battles for its very life in a full scale war against the entrenched armies of the drug kingpins.

What has been perhaps most shocking of all is that in Colombia the power of Government has been at times nearly eclipsed by the power of drug traffickers. In normal times, criminal activity operates at the margins in most societies. For Colombia, however, these are no longer normal times. The drug cartels have long since crossed over these margins, feeding the country's economy and gaining in return some support from the public.

As a result, they are now locked in a power struggle not merely for marketing territory against another drug gang, but for national political power and authority against the country's established Government. What is happening in Colombia must serve as a lesson not only for our neighbors in Latin America, but for all nations that have been touched by the plague of drug abuse, including our own.

It tells us that the drug trade, if left unchecked, can threaten the very foundation of democratic society as we know it. It tells us that nothing is sacred, not our most cherished traditions, not our most established institutions, in the eyes of the drug traffickers. Finally, it tells us that no one in the chain of events that fuels the drug trade, regardless of motive or intent, can escape blame for what we see happening in Bogota.

Whether it is the peasant in Peru who sells his crop of cocoa leaf, or the American high school student or young professional who turns to crack for a cheap high, each of them is clearly responsible for the death and destruction and suffering that now rages in Colombia and in the cities and many rural areas of our own country.

Both as neighbors and in recognition of that responsibility, we must do our best to help the Colombian Government in its courageous battle against the cartels. I believe that we as a Nation now recognize that fact and are taking appropriate steps in that direction.

President Bush responded to the traffickers declaration of war in Colombia with increased military and law enforcement assistance in the form of training and equipment. Both the National Drug Strategy, which was released last week, and the Anti-Drug Abuse Act of 1988, which Congress passed last year, emphasized the need for increased coordination as well as cooperation with all of the source countries, including Colombia.

In the hearings we begin this morning, the Subcommittee will be examining in great detail the structure and nature of the Medellin, Cali, North Atlantic Coast and Bogota drug cartels. In a very real sense we will be learning to know the enemy. And perhaps most importantly, we will be assessing the ability of our law enforcement agencies to gather critical intelligence about that enemy.

We will be hearing from law enforcement experts in this country about the difficulties they have in encountering and identifying and fighting an enemy who for the most part is safe-housed far beyond their jurisdiction. We will also hear during these hearings from individuals who have themselves lived and worked in Colombia under the constant threat of violence and death at the hands of drug cartels.

Although these individuals have now left Colombia, their lives remain haunted by the ability of the cartels to strike back far beyond the Colombian borders. These individuals are to be commended for their courage in agreeing to be here during the course of these hearings and share with us their unique knowledge of these trafficking organizations.

I want to commend Senator Roth who, as our Subcommittee Ranking Minority Member has taken the lead in examining the power and the hierarchy of the drug cartels. He and his staff have worked diligently in putting this morning's hearing together, and I thank them for their efforts in this important and critical area. Their work is particularly relevant to hearings which our Subcommittee will also hold later this month on September 26, 27 and 29 which will focus on the status of U.S. anti-narcotics activities in the key Andean countries, Peru, Bolivia, as well as Colombia, from which virtually all the cocaine that enters our country is either grown, processed and/or shipped.

While this morning's testimony will help us to better understand the nature of the problem, the testimony 2 weeks from today will examine the nature of some of the proposed solutions. Taken together, I am confident that these two sets of hearings will serve to significantly advance the state of our knowledge about a problem which we can no longer divorce from the crime and drug related violence that continues to rage across our own Nation.

Again, I want to thank Senator Roth and his staff for their efforts and I look forward to the morning's testimony.

Senator Roth?

OPENING STATEMENT OF SENATOR ROTH

Senator ROTH. Thank you, Mr. Chairman, I want to congratulate you for calling this hearing and commend your staff for their assistance and cooperation in this most important investigation.

Mr. Chairman, your commitment over the years to the pursuit of a wide variety of investigations relating to the menace of illegal drugs is indeed well known. PSI has been in the forefront on these issues—because of our ability to cooperate on these complex investigations without regard to partisan politics.

The world's attention has recently been focused on the outlaw activities of the world's most notorious drug kingpins, the leaders of the international cocaine cartels. The terrorist tactics of these organizations have been featured in every major media outlet in the world. In the past few weeks the cartel leaders have escalated the violence and even declared war against the Colombian Government and all who stand in their way.

The people in Colombia have suffered much from the savagery of the cartel criminals. I commend Colombia's President Barco for his courage and fortitude in standing up to these narco terrorists. I hope everyone in America had a chance to see President Barco's moving appeal, which was broadcast a few weeks ago on all the

U.S. TV networks. He pointed out that the murder and mayhem in Colombia would not be going on but for the market and the profits that American drug users provide.

Those who smoke crack and snort coke ought to recognize their direct moral link to the assassination of Colombian judges, law enforcement officials, as well as politicians. And it is time for those Americans who still believe there is such a thing as casual, innocent or harmless use of drugs to stop fooling themselves.

While this hearing will concentrate in the drug trafficking organizations, we ought to recognize these organizations could not exist without the dollars of U.S. drug users. I also believe that President Bush and Director Bennett deserve commendation for responding promptly with substantial additional assistance to Colombia. They have recognized that we face a unique opportunity to move against these international drug trafficking organizations and they have seized the moment.

For the past 12 months PSI has investigated the structure of international cocaine distribution rings. These groups, which have often been referred to as cocaine cartels, are concentrated in Colombia, but they also have extensive operations in numerous other countries, including Bolivia, Peru, Mexico, as well as in the United States.

Our goal was to identify the internal structure of these narco organizations and identify their methods of operation. I wanted to pursue this investigation because in my view we can hardly be expected to wage a successful war against these drugs unless we fully understand the enemy and can target its weaknesses.

These hearings constitute the first major public effort to expose in detail these organizations, their memberships and their methods of operation. But one of the most disturbing discoveries of our investigation was the tremendous gaps in our Government's knowledge about these organizations. Although we have learned a great deal, we have just touched the tip of the iceberg. Moreover, the information our law enforcement intelligence gathering agencies do have is not always put to good use.

What is clear is that the small time amateur operations of 15 years ago have developed into sophisticated, illegal conglomerates that routinely terrorize their adversaries, whether they are rival terrorist groups or political or law enforcement figures. We have learned that groups can easily absorb the cost of destroyed labs and the rest of mid-level traffickers as the cost of doing business.

We have learned, in short, that we need to change our strategy. If we hope to succeed against this most formidable enemy—and we must succeed—we need a new approach to the war on drugs that emphasizes long term strategy over bang and bust tactics. To date our efforts have resulted more in a free-for-all than an effective war against drugs.

Law enforcement agencies are not entirely responsible for that result. We in Congress must resist the temptation to judge performance primarily by the number of arrests made and quantities of drugs seized and instead emphasize the importance of identifying and dismantling the narco organizations themselves.

Our efforts thus far are reminiscent of the failed body count approach used in Vietnam. In order to identify, attack and dismantle these international drug organizations, we need a new coordinated intelligence strategy which will identify the enemy and its weaknesses. Any General commanding a force knows that intelligence about the enemy's deployment, resources and strategy is essential to success. And the same is true for this war on drugs.

We will hear in graphic detail the exploits of these drug kingpins. We will hear from a former member of a paramilitary group that was funded and trained under the auspices of the drug assassins, a Colombian author and journalist will describe how attacks against journalists have eroded Columbia's freedom of press to such an extent that few newspapers even cover issues related to drugs and the outlaw activities of the cartels for fear of physical retribution against reporters and editors.

The deceptive, illusive activities of the cartels mandate a strategy based on intelligence to identify the enemy and determine the weak links in its operation. The FBI implemented just such a long term strategy to successfully prosecute and ultimately break up traditional organized crime groups in this country.

Law enforcement agencies must do a better job of sharing intelligence and cooperating on investigations. We must create an accessible data base readily available to all agencies who need it. In short, if we are to fight a war on drugs, let's fight a smart war. The time to act is now before these narco traffickers gain control of entire regions of Latin America.

I agree with President Bush and Director Bennett that we need a National Center for Drug Intelligence. I hope my colleagues will agree with me on this.

Again I want to commend my good friend and colleague, the Chairman, Senator Nunn for holding these hearings. As I said, he has been a leader in Congress in the fight against drug traffickers. As I mentioned earlier, Senator Nunn and I have worked together on this important and timely investigation.

This investigation has been a real joint effort and I look forward to continuing to work with Senator Nunn on this vital issue, and I also commend the Director, Mr. Bennett the FBI and DEA for their help and cooperation.

Thank you, Mr. Chairman.

Senator Nunn. Let me just make an administrative announcement here. We do have available on the table in the back of the room equipment for translation. We have simultaneous translation going on for people who speak Spanish and who may not understand clearly what is being said in English. Later during these hearings we will have Spanish speaking witnesses and we will have simultaneous translation available for those who need help, as the Chairman will, in translating that into English.

Senator Roth I will ask you if you will introduce each panel as we go along here and then I will swear them in and we will receive their testimony.

Senator Roth. Thank you, Mr. Chairman. First we will hear from Ms. Mary Vinson who will provide the staff report. This is the group that, of course, conducted the investigation that made these hearings possible.

Senator NUNN. Do you swear the testimony you give before this Subcommittee will be the truth, the whole truth and nothing but the truth, so help you God?

TESTIMONY OF MARY K. VINSON, MINORITY INVESTIGATOR, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS, COMMITTEE ON GOVERNMENTAL AFFAIRS

Ms. VINSON. I do. Thank you, Mr. Chairman, Senator Roth, and members of the Subcommittee. I have prepared a statement which I request be entered into the record,[1] which I will summarize here.

Last year the Minority staff of the Permanent Subcommittee on Investigations began an investigation of the structure of international drug trafficking organizations focusing on cocaine trafficking groups. Our goal was to identify the leaders of these organizations and determine how and to what extent these groups operate within defined structure.

The staff contacted a wide variety of individuals in various locations, both domestically and overseas. Initially we canvassed pertinent Government agencies to learn what information had been collected and analyzed on cocaine trafficking organizations.

Next we traveled to Los Angeles, New York, and Miami, three major centers of trafficking activity in this country. We interviewed Federal and local officials in those cities to determine what they knew about the narcotics traffickers who operate in their cities and how these regional trafficking networks relate to groups in supplying countries.

Overseas we interviewed foreign and U.S. officials to learn what they knew of the groups trafficking cocaine in each country. And finally, we interviewed former members of drug trafficking organizations.

The information on the charts [2] you see here is a synthesis of the information we gathered during this investigation. The charts represent our best estimate of who the major chiefs of the cocaine trade are and how these groups fit together. These charts are not purported to be comprehensive. Rather, they contain these organizations and individuals which could be identified and whose identities were corroborated by multiple sources.

I would like at this point to submit to the Subcommittee under seal an exhibit describing the source of information for each individual and organization listed on the charts.[3] These sources included law enforcement agencies, foreign officials, confidential informants and information taken from indictments. Each name or organization included in the chart was corroborated by at least two sources.

I must add that while there are divergent opinions about how these groups interrelate, the configuration we have charted here represents our best understanding. Overall we found that indeed there are two major Colombian cartels which dominate the cocaine trade in the western hemisphere, the Medellin cartel and the Cali cartel.

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[1] See p. 109.

[2] See Exhibits 1-3 on pp. 174-176.

[3] Exhibit 4. Sealed exhibit.

I do not use the word "cartel" in its strict economic sense, but simply to connote a group which acts as a unit toward a common goal. There are secondary trafficking organizations, such as those represented in the chart of the North Atlantic Coast groups, which are affiliated with both of the larger cartels and provide services to them in addition to conducting their own independent trafficking operations.

Many of the major traffickers on the north coast made their initial fortune smuggling marijuana during the 1970's and now rent a variety of their smuggling services to the Cali or Medellin cartels.

As previously indicated, there are many different views among U.S. law enforcement and intelligence agencies about the cartels. However, one uniform view that we found is that the Cali cartel, although smaller in number, runs a much more business like, less high profile operation than the Medellin cartel. The Medellin groups appear to be more loosely organized, informal and spontaneous in their operational style than Cali cartel. In fact, some law enforcements officials believe that the Cali cartel actually ships more cocaine to the United States than Medellin cartel.

One of the witnesses you will hear from today, a Colombian journalist who has investigated cartels extensively, believes that the Cali cartel may be, indeed, the more significant of the two cartels.

There have been many reports lately of a war between these two cartels. This, again, is the subject of some dispute within the agencies of our Government. Although there have been significant casualties in Colombia as a result of this war, it does not yet appear to have either threatened the existence or significantly affected the operations of the two cartels.

During the course of the investigation we heard two distinctly separate views on how these organizations function. One view was that the groups were vertically integrated and run like corporations with each stage of the cocaine processing and distribution handled by a separate department.

The other view was that the cartels are very loosely organized, consisting of a boss and a few trusted lieutenants who subcontract the services required to process and distribute the product. Under this view, the organizational configuration changes with each load of drugs. It appears, however, that the larger the trafficker, the deeper the vertical integration in the organization.

We found definite indications that a trafficker of the stature of Gonzalez Rodriguez-Gacha, for example, will have his own paste suppliers, his own laboratories, his own stash sites and his own warehouses. He might rent space or services to other minor traffickers, but the infrastructure is his. As would make sense in any normal business setting, the smaller the trafficker, the less vertically integrated or the less of the infrastructure is his own. This is not to say that a major trafficker will use only his facilities. One person we interviewed characterized cocaine traffickers as organized primarily around opportunities. Although the staff did find evidence of a defined, stable infrastructure, these organizations are also extremely flexible and will use whatever channel is most economically profitable at any given moment to export as much cocaine as possible.

In sum, we found that there are coherent, identifiable fixed cocaine trafficking organizations which exist and have directed the international cocaine trade for at least 10 years. We also found that there are large gaps in the information our Government has about these groups. There are several reasons for this lack of information.

First, as Senator Roth indicated in his statement, because success in the drug war have heretofore been judged primarily on the basis of the body count approach—that is, drugs seized and arrests made—we have tended to emphasize tactical intelligence about specific loads of drugs over strategic intelligence about operations and organizations.

Second, even when intelligence information is obtained, it is often not effectively used. It is not fully shared among agencies, or may not even be readily retrievable by the originating agency. There is, in fact, a great deal of information potentially available in many different places from many different sources, but it is not available in one place where it can be most effectively used by all U.S. Government agencies involved in the war on drugs.

The intelligence portions of the Administration's drug strategy, which contemplate establishing a Center for Strategic Intelligence, would appear to be a good first step in correcting the problem. We should not, however, dismiss lightly the difficulties inherent in acquiring and sharing drug intelligence. The need to protect informants is vital, and the natural reluctance to share informant information outside the originating agency is one impediment.

The fear of compromising sources and methods of intelligence gathered in court proceedings, as well as the limits and dangers of intelligence gathering in foreign countries, are additional obstacles. We also currently lack an adequate centralized automated data processing system which could securely store and retrieve this information.

All of these concerns present serious problems, but these problems, difficult as they are, must be overcome if we are to effectively dismantle the international cocaine cartels. We cannot win the war on drugs until we finally fully understand the enemy, and we have far to go.

I would be happy to answer any questions you may have.

Senator NUNN. Thank you. Senator Roth, you lead off.

Senator ROTH. Thank you very much, Ms. Vinson. Let me ask you a few brief questions.

As I understand it, essentially there are three cartels. Some would say four if you list the Bogota as a fourth organization. But the two most important are the Cali and Medellin.

What percentage of the cocaine traffic do they control, do you know?

Ms. VINSON. We consistently heard from people that we interviewed during the investigation that those two cartels together control 80 percent of the cocaine that comes into this country.

Senator ROTH. So they are, without question, the 2 major factors in this trafficking?

Ms. VINSON. Yes, sir.

Senator ROTH. Now, you compared the two organizations. The Medellin Cartel is essentially the largest, but there are those who think that the Cali Cartel is more business-like on the long run, and a bigger threat; is that correct?

Ms. VINSON. Yes, that is correct. Most of the public attention heretofore has been focused on Medellin because of their violence, and they have also made some efforts to enter the political arena in the past and consequently have drawn a lot of the attention. But Cali has consistently been running their operation for at least 10 years in a very organized and sophisticated fashion.

Senator ROTH. Now, let us look at the organizational chart, itself. The Medellin Cartel is dominated by the three figures, is that correct, at the top of whose pictures are shown?

Ms. VINSON. Yes, sir.

Senator ROTH. Now, you have sub-divided the organizational chart by distribution, supply/distribution, transportation and undefined functions. What do you mean by "undefined functions"?

Ms. VINSON. This would mean from the information we have received which led to these charts that we don't know exactly what their specialized function or what the strength is, of those particular groups. We know that they are players in the cartel, but we don't have information as to what they specialize in.

Senator ROTH. And each of these blocks are primarily identified by the individual who is the dominating figure?

Ms. VINSON. Yes, sir.

Senator ROTH. These blocks are pretty fluid?

Ms. VINSON. They are fluid in the sense of who they work with within that sphere of the smaller blocks. They can float around and put together loads and form alliances and dissolve, but they are all basically affiliated with the Medellin cartel.

Senator ROTH. And last, let me ask you, do we have any estimates about the size of these cartels and how many individuals are involved in these activities?

Ms. VINSON. We heard numbers for the Medellin cartel as high as 100,000 persons. For the Cali cartel, we heard estimates varying between 2,500 to 6,000, persons.

Senator ROTH. Do we have an estimate on what percentage of these are located in the United States?

Ms. VINSON. I cannot remember if we do or not.

Senator ROTH. Thank you, Mr. Chairman.

Senator NUNN. Thank you. Ms. Vinson, let me ask you again to describe how those charts were put together. How did you go about making sure that any individual named on this chart really was part of a cartel?

Ms. VINSON. Well first we were provided information that had already been collected by various agencies in the Government, and then we began to systematically try and corroborate by asking all the individuals that we interviewed about certain individuals and organizations and whether they recognized the name. That's the fashion in which we tried to corroborate and put together the chart.

Senator NUNN. How many sources did you have to have before someone actually went on the chart?

Ms. VINSON. At least two.

Senator NUNN. And they had to be independent sources?

Ms. VINSON. Yes.

Senator NUNN. And what type of sources? Were these primarily law enforcement sources?

Ms. VINSON. Primarily law enforcement.

Senator NUNN. Do you have any names up there where no law enforcement agency named them and they were just named by individuals, or was at least one law enforcement agency required as a source?

Ms. VINSON. No, at least one law enforcement agency.

Senator NUNN. And these were all U.S. law enforcement agencies?

Ms. VINSON. Yes, sir.

Senator NUNN. No foreign law enforcement agencies were sources?

Ms. VINSON. We did talk to foreign law enforcement agencies and they may have been a corroborative source but no, not a principal source.

Senator NUNN. So you basically had to have a primary source and corroboration that was independent.

Ms. VINSON. Yes.

Senator NUNN. How does this compare with previous Permanent Subcommittee on Investigation charts on organized crime in this country? Is this a comparable procedure?

Ms. VINSON. I cannot answer your question, because I haven't been involved and I am not really aware how the previous charts of this nature were put together by PSI.

Senator NUNN. Do we have somebody on the staff that can answer that?

Ms. HILL. Mr. Chairman, we compiled charts last year in the organized crime hearings. This was very similar, what Mary has just described, to what we went through in preparing those, including the specific number of sources we required. We used law enforcement sources, confidential informants, et cetera.

Senator NUNN. So the procedure used here in identifying cartel hierarchy is very similar to what we have done in the past in this Subcommittee for organized crime in America.

Ms. HILL. That is correct.

Senator NUNN. And you have said, I believe, that the sources that are identified in each case are under seal and are part of our Subcommittee record?

Ms. VINSON. Yes, sir.

Senator NUNN. Have those been introduced, those sealed documents?

Ms. VINSON. I asked in my statement that they be introduced, I believe they have been.

Senator NUNN. Without objection they will be part of the record, sealed.

What is the reason for them being sealed?

Ms. VINSON. Part of the sources are confidential in the law enforcement sense, and also from intelligence agencies.

Senator NUNN. In your statement, Ms. Vinson, you conclude, quoting you, that "Insufficient effort has been devoted to collecting and analyzing the information available."

And you have reference to law enforcement in this country, is that right?

Ms. VINSON. Yes, sir.

Senator NUNN. On what evidence do you base that conclusion?

Ms. VINSON. I base that conclusion on the fact that when we encountered individuals within the various law enforcement agencies of our Government who had put their personal effort into compiling and systematically putting together this type of organizational chart, it appeared to us that it was something that had been the personal interest of an individual who was working in Miami or one of the other cities and the agency, itself, has come very late to the idea of doing this.

Senator NUNN. Can you give us some specific examples of places where you have seen conflicting intelligence from different Government agencies, lack of coordination?

Ms. VINSON. We saw a lot of conflicting information, specifically—well for example, relating to the fact of whether there is a war going on between the Medellin cartel and the Cali cartel. We would hear from one agency that it was a very high level war that was going on principally between two of the high level members, Pablo Escobar and Rodriguez-Orejuela from Cali. We would hear from another U.S. agency, or even sometimes within the same agency that there may be a dispute going on but it was only at the very low levels. That is an example of the type of conflicting information.

Senator NUNN. Do we have anything in this law enforcement intelligence where you would have a centralized kind of review—we do this in other national security areas. For instance, you have this agency says this in terms of intelligence, while another agency has a dissenting view, and so you can see the various views as they are compiled. In other words, where there is dissent, is that known in a centralized way?

Ms. VINSON. I never saw such a document, no.

Senator NUNN. So you just basically pick up the conflicts by talking to various agencies.

Ms. VINSON. By asking the same questions to a wide variety of individuals and agencies.

Senator NUNN. You didn't come across any document or any kind of procedure whereby you would have an intelligence assessment about a cartel, let's say from the Drug Enforcement Administration, with a dissenting opinion from Customs?

Ms. VINSON. No, sir.

Senator NUNN. As I view it, dissenting opinions on intelligence are not to be discouraged but rather to be documented and brought to the attention of decision makers. I don't know that we want one unified intelligence document on complicated, complex material. For instance in the CIA intelligence, national security intelligence, we encourage differing views and some redundancy is enormously important. But you want to make sure that the policymakers understand those views and that the policymakers really have an understanding that there are dissents and what those dissents are.

Did you find anything like that in the domestic arena?

Ms. VINSON. No, sir.

Senator NUNN. In your own words—and you have already, I think, captured it pretty well, but I would like to see if we can digest it—what are we doing right in intelligence in terms of law enforcement and what are we doing wrong?

Ms. VINSON. I think that we are beginning to see the need to systematically and in a more comprehensive fashion understand the fundamentals of the way these organizations work, but it is still startling to me that we have come to that so late in the game.

What we are still doing wrong is going after the symptom and letting the tail wag the dog in that sense and just stopping with initial arrests—in this country particularly in law enforcement efforts—and not going beyond the initial circle and trying to analyze back to what would give us a more comprehensive understanding of the organizations.

Senator NUNN. In other words, we are focusing on, as you said earlier, tactical intelligence relating to buys and busts and seizures and so forth, rather than going to the heart of the intelligence?

Ms. VINSON. Yes, sir.

Senator NUNN. Is that because the effort is not being made, or because it is just much more difficult to get that strategic intelligence?

Ms. VINSON. It is more difficult to get that intelligence, there is no question about it. But I think part of the reason, as Senator Roth stated in his opening statement, is that the way that success is measured by an individual agency has encouraged going after busts and loads and kilos and arrests.

Senator NUNN. In other words, we need to find a system in law enforcement to give incentives to people who spend a long, long time on cases and a long time on strategic intelligence, which may take years rather than months and weeks?

Ms. VINSON. Yes, sir.

Senator NUNN. Thank you. Senator Roth?

Senator ROTH. Senator Cohen?

Senator COHEN. Mr. Chairman, if I could, I just would echo what you suggested about the necessity and inevitability of having different assessments. We get it frequently from CIA, DIA, NIS, NSA. The variety is there. What you are suggesting is that there is no central body or central figure that is making any kind of a qualitative assessment as to the reliability of that intelligence?

Ms. VINSON. Yes, sir.

Senator COHEN. Do you think that the Administration's proposal for the creation of a Center for Strategic Intelligence is going to make a difference?

Ms. VINSON. On the face of it it looks to be a good step in the right direction.

Senator COHEN. And who would chair that?

Ms. VINSON. I cannot answer that question.

Senator COHEN. There is no blueprint at this particular point as to how that would be set up?

Ms. VINSON. Not that I am aware of.

Senator COHEN. One of the major difficulties that you have outlined is the reluctance on the part of an originating agency to let information go beyond the confines of that agency. How is that going to be overcome?

There is a fear of compromising sources and methods. That is a very legitimate and pervasive fear that we deal with on a day-to-day basis. We have the danger of the compromise of identities, and we have fears that the information will be disclosed during the course of court proceedings.

How do we overcome those particular obstacles?

Ms. VINSON. Well, it is difficult. I mean, absolutely the protection of informant identities is vital, but I believe that, for example, the history and the experience of the intelligence agency in sterilizing information so that it is usable but protects identities or source of the information, I think that is absolutely possible. And that needs to be encouraged more, that way of doing things, and maybe it could be used more by law enforcement and that would help them overcome reluctance to share the information.

Senator COHEN. In overcoming these obstacles, the person who is going to be in charge of coordinating all of the various intelligence assessments is indeed going to have a very difficult job.

Ms. VINSON. Yes.

Senator COHEN. Thank you, Mr. Chairman.

Senator ROTH [presiding]. Just let me make one further observation. The Chairman had to leave temporarily. But it does seem to me that there is some need to have a central focal point on intelligence if we are going to be successful in our war against drugs. There is no question that it is critically important that informants and sources be protected sources so that we do not reduce the availability. But somewhere there has to be that collection and analysis, and if we mean what we said about a drug czar, it seems to me that he has to play a critical role in that capacity.

Do you have any question, Senator Lieberman?

Senator LIEBERMAN. Thank you, Mr. Chairman, Ms. Vinson. If I may, I have an opening statement, Mr. Chairman, to be printed in the record.

Senator ROTH. Without objection.

[The opening statement of Senator Lieberman follows:]

OPENING STATEMENT OF SENATOR LIEBERMAN

Mr. Chairman, few issues are of greater concern right now than the impact of the international drug cartels on America. I appreciate the efforts that you and Senator Roth have made to study the cartels and our government's ability to deal with them effectively, and I commend you for convening these hearings. Colombia is struggling to stay alive—battling the brutal violence and intimidation that is the trademark of the Medellin drug cartel. American help is critically important, and an improved understanding of the operation of international drug cartels is essential if we are to provide effective assistance. That is the laudable aim of today's hearing.

Our involvement in Colombia, however, involves substantial risks. Just yesterday, I chaired a Governmental Affairs Committee hearing on terrorism. One of the important topics of concern raised at that hearing was our vulnerability to terrorist retaliation by the Medellin cartel as a result of our anti-drug efforts in Colombia. There was generally a consensus that we are at risk, particularly as a result of extraditions, and that the cartel has substantial financial resources and weaponry at its disposal.

The most likely targets are Americans and American businesses in Central and South America. But our borders are not secure, and we are vulnerable here as well. In 1987, the long arm of the drug cartel reached into the United States and assassinated an informant, and the drug cartels have a criminal infrastructure already in place in the United States to respond to their commands. Oliver Revell of the FBI testified yesterday that if the cartels want to have blood running in our streets, we would not be able to preempt it.

This is not to suggest that we should limit our assistance to the Colombian government—our help is crucial. But we should go in with our eyes open to the risks, and we should take steps to minimize those risks.

For example, our intelligence capabilities in the area need to be improved. Penetrating terrorist organizations is one of the most difficult intelligence tasks, but it is increasingly one of the most critical. We also need to improve the coordination between our anti-drug efforts and our counter-terrorism efforts. The activities of the Medellin cartel have proven that drugs and terrorism are inextricably linked, and our government must respond in a unified and coherent way. For example, we must improve the sharing of computerized information between different agencies, particularly watch lists of suspected international criminals, so that we can maximize our chances of detecting drug dealers and potential terrorists at our borders. If DEA or the FBI has information on a drug cartel suspect in their files, it should be immediately available to INS, Customs and the State Department as well.

We should also explore ways to make it easier to kick suspected cartel operatives out of the country if they get in. The routine deportation process is cumersome and protracted, and cartel terrorists are sure to have the best lawyers drug money can buy. We need faster proceedings, in which classified information can be protected. Finally, we should reconsider the wisdom of Executive Order 12333, which prohibits ordering the killing of foreign enemies in all circumstances. In some situations, there may be disadvantages to stated policy limitations, and the President should have widest range of options available in dealing with terrorist threats.

Mr. Chairman, thank you again for your efforts. I look forward to the testimony and to learning more about the operation of the international drug cartels.

Senator LIEBERMAN. Thank you. Ms. Vinson, I had the opportunity yesterday to chair a hearing of the Governmental Affairs Committee which as part of our general governmental oversight function, considered our Government's readiness to deal with terrorism. One of the riveting elements of the testimony of both the Government witnesses and the outside experts was that, as we escalate our response to the international drug cartels and assist the governments of the Andean Nations in fighting to keep drugs out of America, we must expect a counter attack. That may well take the form of terrorist activities, probably directed in the first instance against American personnel in those Andean Nations. Before long, terrorist actions may be directed against American citizens and property within the United States itself.

Really, we have to begin to treat the cartel not just as a law enforcement target, but as another terrorist organization, as an organization with which we are involved in a war. And I agree with some of the basic points that I believe you have made. In particular, our intelligence must be improved, just as we attempt to improve our intelligence with regard to other terrorist organizations in the world.

Let me just ask whether in your work you have come across any evidence to confirm the concern expressed at yesterday's hearing about the potential for counter attack by the international drug cartel against American citizens or our domestic infrastructure.

Ms. VINSON. We did not—I would not say we came across any information that specifically uncovered an intent to do so. I think that we know very little about the intentions. That was one of the things that we did discover, unfortunately.

But my personal opinion would be that we certainly cannot dismiss the possibility that that would happen. They have retaliated against—well, the Barry Seal killing was an example of a retaliation against an American citizen already in this country, so I would not dismiss the possibility.

Senator LIEBERMAN. I appreciate that. Mr. Chairman, that is the specific case that was referred to at the hearing yesterday, at which Senator Cohen was present. There is evidence that an American DEA informant was the target of a hit ordered by the cartel and carried out in the United States by Colombians, who came in for that specific purpose, and it seems to me that that may be a harbinger. As witnesses suggested to us yesterday, we are attacking an organization that is flourishing. It is an organization that obviously has little sensitivity to cruelty to humans, and that, unlike most terrorist organizations, has billions of dollars at its command. We have a dangerous recipe there, and that's why I think your suggestion for improving our intelligence is important not only to combat drugs but to protect American people.

Thank you, Mr. Chairman.

Senator NUNN. Thank you. Any other questions of this witness?

Mary, we appreciate your good work, you and the whole staff. We thank you very much for this report.

Senator Roth, if you would like to introduce our next witness.

Senator ROTH. Thank you, Mr. Chairman. Our next witness is Bruce Carnes, who is Director of Planning, Budget and Administration, Office of National Drug Control Policy.

Senator NUNN. Mr. Carnes, would you please hold up your right hand and take the oath.

Do you swear the testimony you give will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. CARNES. I do.

Senator NUNN. Thank you, sir, we are pleased to have you.

TESTIMONY OF BRUCE M. CARNES, DIRECTOR, PLANNING, BUDGET AND ADMINISTRATION, OFFICE OF NATIONAL DRUG CONTROL POLICY [1]

Mr. CARNES. Thank you very much, Mr. Chairman. I am pleased to be here this morning to appear before this distinguished Committee to discuss the National Drug Control Strategy as it relates to intelligence.

I have a statement that I would like to have, if I could, Mr. Chairman, entered into the record in its entirety I will omit parts of it as I go through it if I might.

Senator NUNN. Without objection your entire statement will be made part of the record.

Mr. CARNES. Thank you. In any conflict there are two questions that must be answered at the beginning. Who is the enemy, and what is our objective?

We talk about a war on drugs, but we must be very clear that, in fact, drugs are not the enemy. The enemies are the organizations that produce cocaine and other dangerous drugs, transport it to our shores, distribute it to retailers and users throughout America, and launder the profits and return them to the organization's coffers. And there are many such organizations in many parts of the world, not just one or two easily identified cartels.

And what is our objective? Our objective is to put these organizations out of business, dismantle them. In doing so, we must be certain not to confuse means with ends. Our objective is not to seize ever greater quantities of illegal drugs. That is one means of helping attain our objective by increasing the organization's cost of doing business and disrupting their inventory flow, but it is not an end in itself.

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[1] See p. 139 for Mr. Carnes prepared statement.

Our objective is not simply to seize the assets of traffickers. That, too, is one means of helping attain our objective by damaging the organization's ability to do their business and to deprive them are of their ill gotten gains. But the seizure of assets is not an end in itself.

Our objective is not simply to throw people in jail. That also is one means of helping to attain our objective, by taking members of the organizations out of circulation, but the arrest of druggers is not an end in itself.

Valiant and dedicated people in America and overseas have scored major success in seizing drug shipments, seizing traffickers' assets and putting druggers in jail, but America's drug problem continues. It continues in part because we have not been waging war effectively enough against the drug producing and trafficking organizations.

To be more effective we must first build an accurate, detailed understanding of each organization, what in military terms is called the enemy order of battle. Who are the key people? What are their roles? Where are they located? How do they operate? How do they communicate? How do they make decisions? Where are their critical production facilities located? How are their products transported and in what quantities? What front companies do they use? What banks do they use? How does their money flow?

And then, when we have a full picture of each organization, the United States can develop a comprehensive, integrated operational plan to attack it effectively, to exploit the several nodes that are both critical to the organization's operation and vulnerable to our attack.

Historically most crime in America has been perpetrated on a local geographic level by single offenders or small groups of offenders. Even what we call organized crime in many cases has consisted of organizations that have operated primarily within a single jurisdiction, a single city area, for example.

So it has been entirely natural that the information gathering to support law enforcement activities has also been highly localized. But, of course, some criminal organizations have spanned multiple jurisdictions, extending overseas in the case of La Cosa Nostra, for example.

In attacking such enterprises especially over the past decade, the United States has developed highly sophisticated methods of collecting detailed information on criminal organizations and patiently piecing together bits of information over an extended period of time. This method, practiced by the FBI, is called the racketeering enterprise investigation. It is directly applicable to our war against the major international drug organizations and with some adaptations could and should be more widely adopted throughout the anti-drug community.

There are several critical aspects to this approach that distinguish it from standard localized investigations. First, the target is the organization in its totality, not just a single known individual or set of individuals. Second, there is a willingness to invest in the investigation—time that is required to penetrate the organization, to gather information from other investigative techniques to build a picture of the whole organization, not just one element of it.

Third, there is a willingness to forego the immediate gratification of arresting a known offender or seizing his assets when those actions would alert the organization and make the task of destroying it more difficult.

Fourth, there is a keen recognition that money is critical to the success and survival of the target organization. Great attention is paid to how it handles its accounts, how it launders its profits. And finally, there is willingness to forego the body count. Yes, this method is directed at arresting offenders, but they must be the key offenders, and all of them.

As I have said, the critical first step is the development of comprehensive detailed information about the organizations. This effort has several important attributes. Appropriate law enforcement information in Government hands must be brought to bear on the problem. Many pieces of the puzzle are already in the files at DEA, FBI, Customs, U.S. Attorney's Offices and state and local law enforcement agencies.

Some of this information must be protected from public disclosure or other misuse, but means to do this exists or can be developed. New information must be collected and brought to bear on the problem. The gaps in our holdings on the key organizations must continually be analyzed and systematically filled and all possible sources of law enforcement information must be tapped.

This information, once compiled, must be analyzed, producing detailed, complete pictures of each major organization. And once developed, this information must be available to every appropriate agency with a role to play in the attack on the organization.

The development of this information is a task beyond the power of any single agency. This reality is what has led us to propose the establishment of a National Drug Intelligence Center. As directed in the President's strategy published last week, our office, Office of National Drug Control Policy, will convene an interagency working group to plan such a center, and it is our intention to bring the details of that developed plan forward in the next strategy to be presented to Congress on February 1st.

We don't have all the details worked out yet, but I can tell you certain things about what this center must look like. It must be a bona fide common undertaking of a large number of agencies, not the exclusive property or preserve of any single department. We expect that the Justice and Treasury Departments and their component agencies will be major players, but we must continue also to draw upon expertise from the Coast Guard and from elements outside law enforcement, particularly the Defense Department.

The center must be responsive to the national drug control strategy, concentrating on building full pictures of the drug organizations and making use of all available information to do so.

ONDCP therefore will take a central role in setting the center's policies and priorities, ensuring that the expertise and concerns of all agencies are represented.

Mr. Chairman, this concludes my statement and I would be very happy to take any questions you or the Committee might have.

Senator **Nunn**. Thank you, Mr. Carnes. Senator Roth?

Senator **Roth**. Thank you, Mr. Chairman. And thank you, Mr. Carnes, for your statement.

As I understand your testimony, the first important job is that of intelligence to acquire adequate information of the organizations responsible for drug trafficking; is that correct?

Mr. **Carnes**. Yes, sir.

Senator **Roth**. Now, is it your position that we need a new agency or center to acquire and develop this information?

Mr. **Carnes**. For two reasons, I would say that is correct, Senator. Number one, most of the agencies that are currently involved in the fight against drugs have law enforcement missions and their missions are principally directed, therefore, against the arrest, prosecution and conviction of offenders. It is our contention in ONDCP that in fact that is a means to an end but not necessarily the principal end in itself. There are other objectives, other techniques, other methods, other means that you would want to bring to bear against this problem, not just arrest, prosecution and conviction.

Consequently, the agencies that do collect drug intelligence currently focus their efforts on case material. They are principally intelligence efforts designed to assist in the development of cases.

Second, as I said a moment ago, this is a huge job, and we think that there are many agencies in Government with expertise and talent that need to be exploited and brought to bear against the problem. I think if we use those talents, convene in the center, if you will, drawing upon the expertise of these various agencies, we will produce a much better strategic product.

Senator **Roth**. Well, as you properly stated, our objective should be to put these cartels, these organizations out of business, that is, to dismantle them. Now, one of the problems we have had with organized crime, LCNs in the past is that you remove two or three leaders, put them in jail, but just like any organization, they are quickly replaced with new heads.

Do you see the cartels as well structured, as well organized, say, as organized crime, or a more fluid organization?

Mr. **Carnes**. Again, there are two parts to any answer to that question.

I believe some may very well be as highly structured and integrated as other more well known elements of organized crime. The second part of my answer is that we don't know for sure. We think so in some cases, but we really don't know.

In some cases we say a group appears not to be organized, but that may very well be because we have just not yet discovered how that entity is organized. We don't know enough yet to say precisely whether it is or it is not organized.

Senator **Roth**. It seems to me that what you are saying is that our intelligence today is inadequate. We are not really in a position yet to launch the kind of attack that would result in dismantling that organization.

So that we should expect that there will be a period of time of collecting and analyzing intelligence as preliminary to the basic attack?

Mr. CARNES. Yes, sir, let me respond first by saying that my colleagues in Federal law enforcement agencies are very impressive individuals, they are dedicated, they work very hard. It is clear that they have done a tremendous job of interdicting druggers. They have seized vast amounts of drugs. They have arrested and prosecuted and convicted many people.

What we have to conclude, however, is that we are hitting them where it does not seem to hurt too much. We have got to hit them where it hurts more. One of those places is the financial area.

Our strategy recommends increased funding for money laundering investigations—money laundering intelligence, if you will. We have to do more along those kinds of lines. We have to understand those organizations better so that we can hit them where it hurts.

Senator ROTH. Well, you are really moving from the collection of intelligence to how we attack.

Mr. CARNES. Yes, sir.

Senator ROTH. Let me ask you one question there. You talk about money laundering. As a matter of fact, Mr. Chairman, this Committee conducted a number of hearings several years ago on the question of money laundering.

In your testimony you say our objective is not to seize the assets of traffickers, but if you are going to try to determine where the vulnerabilities are, if you can take the profits out of trafficking in cocaine, wouldn't that be a major success?

Mr. CARNES. There is no question that you should do it. But the only point I was trying to make is that is clearly a means to an end, that is to say, the end of dismantling, destroying these organizations. It is an important means, it is very important. That money is what they are in business for and they are very vulnerable there.

Senator ROTH. Could I suggest this, when we talk about money laundering, which I think is a line of vulnerability, a very important line of vulnerability, it also seems to me that the seizure of assets is part of that same picture.

Mr. CARNES. Absolutely.

Senator ROTH. Now one of the problems we run into in this situation is that many of these assets are without the jurisdiction of the United States. In the case of the LCN, organized crime, while they do have some international connections, they tend, generally, to be U.S. based.

So how do we approach this? I mean, I understand that the Colombian Government recently has passed, or the President has taken certain action with respect to seizure. But are the laws adequate on the books to deal with this kind of problem, and do we deal with it internationally.

Mr. CARNES. They may not be adequate, Senator, and we may be coming back to you in the fall or in the next strategy with suggestions on how to modify them. There are recently enacted U.S. authorities that have never been tested, but do permit the United States to share seized assets with foreign countries, depending upon the nature of the case in which they were involved. It is conceivable we would need or want to do more of that.

Senator ROTH. Do we have any intelligence as to what percentage of the assets are still located in the United States that are held by these cartels? I have heard some discussions of that, some observers think they are very, very significant, so that we do have a lethal weapon with respect to those.

But you have the other side of the coin. I mean, for example, hundreds of thousands of acres are used growing coca, some which I gather are owned by the cartels. Is there any thought about trying to actually seize those lands, to seize the assets, the companies they own, the horses and so forth?

Mr. CARNES. At this point I think we are certainly more operational in the direction of our conversation than I am either competent to address or would feel comfortable addressing, at the time. Perhaps I could respond this way by saying, I don't think there is anything that we should not think about doing. That to say, there are all kinds of things that we can do creatively and we ought to take a very hard look at what they are, including the things that you are talking about.

Senator ROTH. Well, my time is up. I will yield to the Chairman.

Senator NUNN. Thank you, Senator Roth.

Mr. Carnes, what was your background before this job?

Mr. CARNES. My background before this job was as Deputy Under Secretary for Planning, Budget and Evaluation in the U.S. Department of Education.

Senator NUNN. Did that have to do with drugs?

Mr. CARNES. To the extent that we published a book during my tenure there, "Schools Without Drugs," we were involved in the drug issue for 2 or 3 years and we advised the previous administration on drug issues, generally.

Senator NUNN. So you really are in a position, individually, where you are taking a fresh look? Is that what your office is doing?

Mr. CARNES. Yes, sir.

Senator NUNN. The great American philosopher, Yogi Berra, used the expression, "Deja vue all over again."

Mr. CARNES. That is right.

Senator NUNN. It seems to me there is a strong element of that here. I am not in any way denigrating it. We need to take a fresh look, even if it includes old theories, when we need to go back to them. But we have had hearing after hearing in this Subcommittee and time after time we have been told over the last 6 or 8 years, and even before that, the last 10 or 15 years, that indeed law enforcement agencies were going after cash, that they were going after bank accounts, that they realized that money was the key to the organizations.

We even went through a whole set of hearings in the 1970s that ended up concluding much of what Senator Roth said here today, and that is that the buy/bust and the incentive system about how many pounds you seized and so forth was the wrong incentive and that we needed a much longer look, a longer term strategy.

Why is it that after 20, 25 years of this, we are still here today talking about the same tame kinds of things that we have been talking about for the last 10 or 15 years, that many of us thought we were already doing?

Mr. CARNES. I am not sure I can answer why we are still here talking about that, but I might say this.

First, there is a lot going on in money laundering investigations. DEA, FBI, Customs, IRS, a number of agencies are involved and they are making big cases. These are very hard cases to make. They take a lot of time. We need to do more. I am not suggesting that it is not being done, we just need to do a lot more of it.

The second thing is, and I think this part gets to your question, the strategy that President Bush has submitted to the Congress says that we ought to be evaluated in our success on the drug war basically by one criterion, and that is drug use. All these other things, number of seizures, number of arrests, quantity seized, amount of money taken out, those are secondary, they are not the things by which we should judge the success of our effort.

I think up until this point we have not really evaluated the success of the United States or of any of the agencies and their efforts in terms of whether drug use in the United States is going down. We have really relied upon process measures rather than on the kind of outcome that we are talking about.

Senator NUNN. I think that is a very important point. What are your measures of drug use now? How are you going to measure drug use?

Mr. CARNES. Again, that is perhaps not as accurate as would be desired. The principal sources of information on drug use are from NIDA, the National Institute on Drug Abuse: their household survey, which is going to be conducted from now on every other year; and the high school senior survey which gives the best estimates that exist in the United States of drug use by various groups and subgroups of the population at various ages, and by various drugs.

Senator NUNN. Does NIDA have any statistics that measure the use of drugs by people that drop out of school? My understanding is their senior survey is basically seniors in high school. Nothing wrong with that one, but it is also my understanding that an awful lot of the problem comes from people who aren't seniors, that the seniors represent some of the best cases and an awful lot of the drug use comes from people who drop out along the way. Do we have any way of measuring that?

Mr. CARNES. There are clearly significant gaps in the data that are collected on use. If you missed them in the high school senior survey, the only way you would get them would be if they were part of a household in the household survey. But I should point out that the household survey itself does not measure usage by college students in dormitories, it does not measure usage by people in institutions. There are vast segments of the population that it does not hit.

Senator NUNN. So we are shifting to a new way of judging but our measurement tools there are far from being adequate yet. Is that fair enough?

Mr. CARNES. That's correct, yes, sir.

Senator NUNN. And who is working on trying to make those tools more comprehensive?

Mr. CARNES. Our office is proposing—in connection with the strategy the President has proposed this—that we not only do the household survey more frequently and expand it so that we can reach larger subsets of the population—the same as with the high school senior survey—but that we institute a program of small, quick hitter data instruments that we can go out to the various segments of the population and target them particularly several times a year to be able to get our fingers on the pulse of this.

Senator NUNN. So basically what you are saying is after 20 years of fighting the so-called war against drugs that has been declared by at least four or five Presidents from both political parties, and the Congress doing similar kinds of declarations over and over again, we still not only don't have adequate tools, we are not using tools in the right direction, and the ones we are using to measure our success or failure are not even developed yet. Is that too strong?

Mr. CARNES. This glass is half full in my view, and I think we are better than we used to be. I think that one of the things that has struck us repeatedly as we have been engaged in this enterprise is the effort that people are putting in to do things better, to do them right, to do them smarter, to do them faster, to work harder.

We are trying to help in that. We have been trying to get better data, we are trying to target our efforts more effectively and more accountably.

Senator NUNN. How about overdose cases, is that a measurement of anything?

Mr. CARNES. Yes, it is, and those cases are showing some pretty alarming statistics. Again, that data, DAWN, the Drug Abuse Warning Network which reports emergencies from hospitals—it doesn't hit every hospital but it hits a lot—tells you what the trend lines are, and we think that is pretty viable, valid data. The exact numbers may not be valid, but the direction in which we are heading is pretty valid and we think it is valid over the long period of time.

Senator NUNN. How about the price of drugs on the streets?

Mr. CARNES. It tells you something but it doesn't necessarily tell you whether you are winning or losing. It depends upon the context. It could be either going up because everybody is consuming it or because you are interdicting the supply.

Senator NUNN. And if the price goes down, it also could mean that we are doing better on the demand side?

Mr. CARNES. That's right. That is the tough thing with these kinds of indicators.

Senator NUNN. Getting back to your testimony about intelligence, the new strategy calls for the establishment of a new intelligence center.

How will this affect the existing intelligence centers such as EPIC or Custom's C(3)(i) program?

Mr. CARNES. Those intelligence centers, Mr. Chairman, are principally tactical intelligence centers providing current tactical intelligence related to ongoing or emerging cases, in the case of EPIC, or having to do with the deployment of vessels in the case of C(3)(i) in many instances for the Coast Guard and Customs. But they are law enforcement, case oriented tactical intelligence centers.

We are talking about a strategic intelligence center that compiles the big picture, and that information then goes to whoever in the Federal Government—and conceivably beyond the Federal Government—is involved in the fight against drugs and should know.

Senator NUNN. So this would be something new that we do not have now, is that right? Not a duplication of existing resources?

Mr. CARNES. On the scale we are talking about we don't have an equivalent. I presume you will hear from witnesses following me that there are in fact efforts along this line, but in our opinion, these efforts are not big enough and need to be larger and coordinated.

Senator NUNN. The FBI in their statement for today's hearings that we will hear in a few minutes mentions plans to develop an automated drug information system over the next 3 years.

Is that the big picture, or is that more tactical intelligence?

Mr. CARNES. I'll let them respond to that, but it is clear that the FBI is on to something good and attempts to approach these issues from the organizational standpoint. They have a lot of ideas that can be profitably used by all of us involved in the drug fight.

Senator NUNN. One other question and then I know my time has expired. We went through several years of very heated debate, in fact, I had a bill and I think Senator Roth was a prime cosponsor, to give the Internal Revenue Service more power in the drug enforcement arena.

There was a period of time after the abuses of the 1970s where IRS went into a shell and didn't want to get involved in anything relating to law enforcement. We came back and amended the law and gave them the power to share information and receive information from law enforcement agencies. At that stage we were trying to get IRS to really hit hard in the drug business.

Are you satisfied that they have done that now?

Mr. CARNES. We would be very upset if IRS reduced its level of effort in this area. We think that, and we are proposing that in the forthcoming strategy, that efforts in that area be increased.

Senator NUNN. I believe that is a subtle way of saying they are not doing enough, are you?

Mr. CARNES. All right. I'll agree to that.

Senator NUNN. Thank you. Senator Cohen?

Senator COHEN. Why are you so reluctant to admit that we are just not doing enough?

Mr. CARNES. Well, I am not reluctant to admit that we are not doing enough. I'm reluctant to say this guy or that guy isn't doing enough. I know those people who are breaking their backs trying to do this, I don't want to criticize them. I think they deserve praise.

Senator COHEN. We are not trying to criticize either, but Senator Nunn raised an important point, quoting Yogi Berra. I think he also said, "You can observe a lot just by watching."

We have been watching a parade of witnesses, during my terms at least, terms coming before various committees and saying virtually the same thing.

Now, I did not find anything different in the list of things you cited—a highly sophisticated collection of intelligence, a comprehensive approach, more dedication to human intelligence, foregoing easy targets, tracing laundering operations, foregoing body counts. There is nothing new in any of that that the FBI hasn't been doing, as you even point out, in the racketeering enterprise investigations. They are doing those things now. Just take that blueprint and apply it on a more comprehensive basis.

Mr. CARNES. I wouldn't disagree with that. I have held it out as a model of something that we should use, certainly as a basis upon which to get started in this area. Again, it is a question of a scale of effort, a question of whether any single agency has the ability to do all of the intelligence work that needs to be done in the drug fight. We suggest that no single agency does have those resources.

Senator COHEN. So we have the basic blueprint already. What we have to do is enlarge upon it and centralize it.

Mr. CARNES. We have some very smart people who know how to do this, and we need to use them.

Senator COHEN. You were talking in the terms of almost Clausowitz' order of battle, understanding the order of battle of the enemy. Sun Tzu also suggested we ought to know the enemy's weaknesses.

What is your judgment of the enemy's weakness based upon the knowledge you have accumulated to date?

Mr. CARNES. Well, I think it is too early to tell. I think that one of the things we can tell, however is where some of those weaknesses do not exist, but that we have been hitting them pretty hard at, and that relates to border interdiction. I don't think that is their weakness, although we spend vast amounts of money doing border interdiction.

We seize enormous amounts of all kinds of drugs, but I don't think that it is a weak spot for the druggers. I think that is a cost for them, but an easy cost to bear, it is the cost of doing business. I do think that money is a major weakness, but I would suspect that when we develop this organizational laydown, if you will, we will discern that there could conceivably be weaknesses that we can exploit in the way they get from here to there.

Just transportation, simple transportation, how do they do that? How can we stop them from doing that? In the way they communicate with each other, how do they do that? What can we do to disrupt and prevent that communication from occurring? How do they fuel those airplanes? Where do they fuel? Where are those airstrips? How can we deny them to those people? We don't have to arrest them to disrupt them.

Senator COHEN. There is a familiar expression that "They made a desert and they called it peace."

One of the arguments that is raised frequently—I think it is a false argument but nonetheless it is being raised—that if we really are successful if making a desert of those cocoa plantations that we are going to destabilize the entire economies of Colombia, Peru and Bolivia.

What is your assessment as to the validity of such an argument? Are drug funds keeping those governments afloat or are they being shipped off into overseas bank accounts and so forth?

Mr. CARNES. Well, I would respond this way. We know that, the Medellin cartel offered to pay the foreign debt of Colombia if Colombia would just lay off. So it seems that they at least say they have got a lot of money. I believe they do have a lot of money. You see estimates of the size of the enterprise anywhere from $75 billion, to $110 billion, $125 billion. I think it is important to remember that most of that money does not go back, I don't think, into the hands of Pablo Escobar or Jorge Ochoa.

I mean, a lot of that money stays in this country or goes to other mid-level individuals and bribes and other kinds of things that they have to pay for. But they are still reaping vast amounts of profits. Some of that is clearly being put in businesses or in politics. The individual farmers who are growing cocoa are making more growing cocoa in most cases than they can make with any other crop.

But we have seen instances in which the price of coca leaf has dropped, and it has become viable for these farmers to seek to grow other kinds of crops. That is certainly one thing we ought to figure out how to do, get that coca leaf price down so that there is a viable alternative economically for them other than coca. It is a very easy plant to grow and it has a fairly high payoff right now. But we do have to be worried about the economic dislocation

Senator **Cohen**. Does that mean that we have to consider increases in appropriations for foreign assistance?

Mr. **Carnes**. Yes, sir, and we are so proposing that such increases be provided. In the Andean strategy we are proposing both law enforcement and military assistance to the Andean countries. Their performance in those areas would be linked to the provision of economic assistance as well.

Senator **Cohen**. The State Department has requested $5 million in military aid this year for Peru's military and, of course, the money cannot be spent because of Congressional restrictions that block military aid to any country such as Peru that has failed to pay off its debt to the United States.

Mr. **Carnes**. Yes, sir. In some cases we have——

Senator **Cohen**. Do you propose that we forgive or forego enforcement of the debt in order to provide military assistance to those countries?

Mr. **Carnes**. My recollection is that we have actually transmitted a formal request to the Senate that, at least in one case, that that be set aside.

Senator **Cohen**. And do you intend to do that for the other countries as well?

Mr. **Carnes**. I think we would have to take a look on a case-by-case basis and if we felt that by so doing we could get a significant level of effort from those countries, I think we would probably recommend that.

Senator **Cohen**. Thank you very much, Mr. Chairman.

Senator **Nunn**. Thank you, Senator Cohen.

Senator Lieberman?

Senator **Lieberman**. Thank you, Mr. Chairman.

Mr. Carnes, I appreciate your testimony and the seriousness of the threat that you depict in your opening statement.

I would like, to raise a question about one of the points of comparison that you make in your opening statement. I'm sure that this question also stems from the hearing that the full Committee had yesterday on the general problem of terrorism. A fundamental question is whether we should treat terrorism as if it were a law enforcement problem or as if we were involved in a war. One of the experts yesterday suggested that we actually ought to have a declaration of war before we proceed militarily against terrorists or a country supporting terrorists.

In your statement you have compared what we have yet to do to improve our intelligence on the international drug cartel with what we have already done to methodically develop a pattern of intelligence, on the LCN, for example, that allows us to act. While I understand that there are limits to the war metaphor in the battle against drugs, it strikes me that maybe this is one area in which the war metaphor is not a bad one. Traditional law enforcement methods may not be enough. We are in a war with these people. They have been killing people in this country for years by sending drugs in. Now, it seems to me, as we start striking back at them or helping Andean Nations to do that, they are going to try to kill us directly.

I wonder if you share that sentiment. Whether you do or not, what is the locus of responsibility at this point, pending the possible creation of a National Drug Intelligence Center, for gathering intelligence as if we were in a war.

Mr. CARNES. I think we have to keep in mind that there is virtually no action that we should say these people will not take, so we just have to keep that in mind and we have to conduct ourselves accordingly. Keeping that in mind reinforces the point of how dangerous they are to us.

As to the relationship of that to the intelligence center, if that was the second part of your question—well perhaps I am not certain what the second part of your question was.

Senator LIEBERMAN. Let me step back and ask you about the structure of the national drug control office, the drug czar's office. I gather that the reason you are here, for instance, and not the Deputy Director for Supply Reduction, is that he has not been confirmed yet.

Is that fair to say? Would that normally fall in the jurisdiction of that wing of the office?

Mr. CARNES. Well, conceivably. I would expect that this would be in his area, but I would not necessarily say that a drug intelligence center would deal only with supply related issues. I think it is going to deal with State and local issues and it conceivably and ought to have a way to reconcile demand related data with supply related data.

But I am here because, in part, he is not there; second, the director is testifying at another hearing, and I was involved in the strategy a lot.

Senator LIEBERMAN. Okay. Obviously I appreciate your presence and I appreciate the quality of your testimony. I don't mean to suggest otherwise.

As we perform our governmental oversight function, I am trying to localize or pinpoint where the responsibility lies. When we are dealing with the international drug cartels, which is uniquely related to the supply of drugs, is it fair to assume that the Deputy Director for Supply Reduction would normally be the key person in the drug czar's office who is responsible for gathering intelligence and coordinating policy with regard to the drug cartels?

Mr. **Carnes**. I don't think that it is necessarily fair to assume that. It is conceivable that this might fall more directly under the office of the director, himself.

Senator **Lieberman**. Because of the importance of the activity?

Mr. **Carnes**. Because of its importance and because of the fact that it does tend to transcend these other areas. It is not just supply. As it relates to cartels, yes, it is, supply related. But a good intelligence center should do more than just that.

Senator **Lieberman**. How do you coordinate your activity with the FBI, with the State Department, even with the Defense Department? Is that ongoing now?

Mr. **Carnes**. Yes, it is, and we have met with them a lot over the past several months and we have established in the National Drug Control Strategy two interagency groups, one chaired by the Deputy Director for Supply, one for the Deputy Director for Demand Reduction, that will meet to coordinate on a policy level the activities of the various Federal agencies that are involved in this effort.

So there is that coordination mechanism. That body will be policy oriented but it will translate national policy into action by the agencies.

I would just add one other point to this. How can we be certain that agencies will then do what the policy is? Well, first, I certainly anticipate and have no reason to doubt the good faith efforts of everybody that we have run into and dealt with so far. But one further step is that according to the strategy, each agency is going to be required to revise its personnel evaluation system so that people who are evaluated annually for performance are going to be evaluated on an additional criterion, and that is whether they coordinate and cooperate.

Senator **Lieberman**. That's great.

Mr. **Carnes**. DOD does that to some extent.

Senator **Lieberman**. Let me ask about the drug intelligence center that you are proposing. Is that meant to be simply a center that is limited to the gathering of intelligence on drug suppliers, both domestic and international, or will it have an operational arm as well, comparable to the task forces that you have talked about?

In other words, who is going to make sure that the war is really being carried out in a coordinated fashion against the international drug cartel?

Mr. **Carnes**. That is a very good question, and I anticipate the answer, as to how you get from information to action will be laid out in detail in the February strategy.

Our office is not operational. What we do intend to do is to have this drug intelligence center, which will compile the information, give it to the agencies that are operational, that have various tools that they can bring to bear on this problem. This is going to require, probably, the creation of some additional mechanism so that various operations by various agencies undertaken on the basis of that information are coordinated.

Again, we, conceivably, would be represented on that entity, but we are not an operational office.

Senator LIEBERMAN. Okay. I appreciate your answer. Obviously that is critical to the whole fight, and we look forward to your proposal.

Thank you, Mr. Chairman.

Senator NUNN. Thank you, Senator Lieberman.

Senator Levin?

Senator LEVIN. Thank you, Mr. Chairman. Welcome, Mr. Carnes. On the proposal for this center, as I understand it, Congress doesn't have an estimate of the cost yet, will that be part of your February 1990 strategy?

Mr. CARNES. That is correct, but I would expect to see a figure come in somewhere in the neighborhood of $50 to $75 million initial start up for the acquisition of equipment, particularly computers, and at full staffing, somewhere between 250, maybe 300 people, and an annual operating cost of $50 million or so. But we will have that all laid out.

Senator LEVIN. Will that $60 million be on top of what we now spend in this area?

Mr. CARNES. Yes, sir.

Senator LEVIN. And will it be coordianted or managed inside the Czar's office?

Mr. CARNES. We are not going to run it out of our office.

Senator LEVIN. Where will it appear on an organizational chart? Someone has got to be above the whole thing.

Mr. CARNES. The details of that also are going to be laid out in that strategy. That is one of the tasks of this working group, to figure out exactly the governance mechanism. I can tell you this, ONDCP will be a big player in it.

Senator LEVIN. You don't know where the drug intelligence center is going to appear on an organization chart yet?

Mr CARNES. We do not want it to be the property of any particular agencies. We want it to be free-standing and independent.

Senator LEVIN. So Bennett will not be responsible for its operation?

Mr. CARNES. In some sense I think he would be responsible for its operation. But he would not——

Senator LEVIN. Will any one person be responsible for its operation? Will there be that kind of accountability? Will we be able to say, "that Center is not working," or "that Center is working," and call that person in?

Mr. CARNES. Yes, ONDCP would, our office.

Senator LEVIN. Do we know what kind of fire power the cartels have, the quantity and quality of equipment, and the number of soldiers, in effect, that are operating or able to operate weaponry?

Mr. CARNES. I cannot personally answer that question. Perhaps some of the other agency witnesses that follow me may have information on that. I do know that they have acquired some high-powered weapons off the international weapons market.

Senator LEVIN. But that is not available to you and you are not sure if other agencies have that or not?

Mr. CARNES. Well, I know that some agencies do have that information. ATF has done an investigation recently of weapons of the cartel.

Senator **Levin**. While you are here, I have a question on the funding issue. We have been told where the additional $700 million to fund the President's drug program is supposed to come from. We got that, I gather, the next morning after the President's speech. Let me ask you about a different component, of the drug spending plan which has been a little a bit elusive and mysterious to us; that is the $800 million component which was part of the anti-crime initiative announced back in May.

The $7.8 billion overall total includes $800 million, which was identified back in May as part of an anti-crime package. But what Congress has not been told is where that $800 million was coming from. That was supposed to come from other programs but cuts have not been identified.

Do you know or could you leave with us where that $800 million was coming from.

Mr. **Carnes**. The Administration has not proposed an offset for that portion of it because at the time that proposal was transmitted to the Congress, the Administration's request for the whole Government, was such that there was still—room to accommodate the drug portion of the anti-crime package without an offset.

Director Darman sent the suggested offsets up on the evening of September 5th, because by that point we were aware that the House, at least, had already marked up on all appropriations bills. Therefore he was suggesting that there are ways to fund that additional $717 million without violating the 302B allocations.

Senator **Levin**. But back to the $800 million, which was part of a $1.2 billion crime initiative, you are saying there was no need for offsets to provide that at that time?

Mr. **Carnes**. That is correct, sir.

Senator **Levin**. And so we will not be told where that is coming from because there were no offsets either then or now required?

Mr. **Carnes**. That is correct, sir.

Senator **Levin**. Thank you, Mr. Chairman.

Senator **Nunn**. Thank you, Senator Levin.

Senator Roth, I guess that completes the questioning.

Mr. Carnes, we appreciate very much you being here and look forward to continuing to work with you.

Mr. **Carnes**. Thank you, Senator Nunn.

Senator **Nunn**. Senator Roth if you would like to introduce our next witness.

Senator **Roth**. Our next witness is David Westrate who is from the Drug Enforcement Administration. In introducing him, just let me say that we are well aware that many of the DEA agents are the front line forces, and I would just like to pay my respect to those individuals who at great personal risk are carrying on this war against the cartels.

Senator **Nunn**. Mr. Westrate, let me swear you in, as we do all witnesses.

Do you swear that the testimony you will give before the Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. **Westrate**. I do.

Senator **Nunn**. Thank you. We are pleased to have you, and I join Senator Roth in expressing my thanks to those who are at risk in this tough, tough war against drugs. I am delighted to have your testimony.

TESTIMONY OF DAVID L. WESTRATE, ASSISTANT ADMINISTRATOR FOR OPERATIONS, DRUG ENFORCEMENT ADMINISTRATION[1]

Mr. WESTRATE. Thank you, Mr. Chairman. I will summarize my statement also and make some reference during the course of my testimony to some videotape and also some charts.

We do appreciate the opportunity of appearing here before these important hearings this morning. It was less than a month ago that Colombian President Virgilio Barco said that the drug traffickers wanted abroad would be summarily extradited.

The cocaine kingpins of Colombia fear one thing, being brought to justice in a court of law in the United States, where they cannot exert the kinds of intimidation with which they have terrorized the judicial system of their own country. And make no mistake about it, we do want them, we want them to stand trial in this country for the many criminal activities, for the death and destruction they have inflicted upon our Nation.

Since 1985, with the exception of Carlos Lehder in 1987, and now, of course, Mr. Martinez, no trafficker has been extradited from Colombia. This does not mean, however, that no action has been taken against the trafficking organizations—far from it. We have been arresting their members, seizing their drugs and confiscating their assets.

Just this past weekend, 1,000 pounds of cocaine were seized in an Operation Pipeline stop by the Colorado State Police. Just last night, 2,500 pounds of cocaine were seized in Miami in a joint DEA-Customs-Coast Guard investigation. Both of these loads, in my view, were shipped prior to the assassination of Mr. Galan in Colombia several weeks ago. I think they also indicate the extent of the pipeline with which we are trying to deal.

The Medellin and Cali cartels, whose names are derived from the Colombian towns where their operations are based, are undoubtedly the most notorious of the trafficking syndicates. A decade ago, they were known as Medellin mobsters and cocaine cowboys. Today, they are challenging one of the strongest democracies in Latin America. The cartels gain their power through aggressive marketing and ruthless domination of the cocaine traffic, from production to distribution.

They began by taking over the first-level distribution in the United States. They then started producing and transporting cocaine in bulk. The several kilogram cocaine shipment became regular, well-organized, multi-hundred kilo shipments. They joined forces in 1982 and began constructing massive production facilities in southern Colombia.

They use violence and intimidation, first to mobilize cocaine distribution in the United States, and then to overcome Colombian insurgent groups, and, finally, to cripple the criminal justice system in Colombia.

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[1] See p. 145 for Mr. Westrate's prepared statement.

To date, the cartels have been responsible for the murder of over 4,000 members of Colombian society. Besides presidential candidate Luis Carlos Galan, their hit list has included an attorney general and a minister of justice, as well as 50 judges, numerous journalists and businessmen, and hundreds of law enforcement officers and other officials.[1] We all read this morning of still yet one more murder.

Today, the cartels dominate the cocaine trade. They have created a massive cocaine trafficking and marketing apparatus which controls 80 percent of all cocaine reaching the United States. The organizations extend throughout Latin America, Europe and the United States.

There are roughly 24,000 names of individuals and businesses known to be associated with these two cartels. They manage all aspects of the cocaine supply chain, from cocaine cultivation and cocaine hydrochloride production, to security, from transportation and distribution, to money laundering.

As in a legitimate business structure, the Medellin and Cali cartels have investors, bankers, lawyers, justice experts, exporters, importers, chemists, wholesalers, and retailers.

Both of the cartels contain various sections, each with a separate function. In addition to promoting efficiency, the rigid compartmentization protects the organization from enforcement penetration. Few members of one section are aware of the others involvement, and the cartel heads are well-insulated from actual operations. Therefore, the loss of one member or even an entire section does not threaten the stability of the overall organization.

DEA targets these and other significant drug trafficking organizations with its special enforcement operations known as SEO's. Under the umbrella of these long-term operations, hundreds of individual cases are being conducted worldwide against the various sections and functions of these two principal cartels. The intelligence product from these efforts is used to manage and direct the investigative effort worldwide. Substantial amounts of drugs and drug-related assets are being seized. Major processing facilities are being destroyed, and numerous individuals are being arrested.

With the success of each individual investigation, more information is gleaned concerning cartel operations and more substantive evidence is gathered concerning the criminal activities of the organizations and financiers.

It is as a result of these individual cases that the cartel heads are under indictment in various jurisdictions in the United States. Each step in the SEO builds upon those which have come before, and the organizations are gradually dismantled.

I would point to convictions this year of Carlos Lehder in Florida, and recently, last week, in fact, one Juan Ballesteros in California. In DEA files, we currently have approximately 800 Colombian fugitives who are fugitives from our previous investigative activity.

A few words about the Medellin cartel. Special enforcement Operation Bolivar targets the Medellin cartel within the DEA structure. Bolivar involves 15 countries, 51 separate DEA offices, 201 separate investigations, and we are currently operating about 80 informants.

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[1] See Exhibit 5 on p. 177 for a chronology of Colombian events.

As of July 1989, Bolivar has been responsible for the seizure of over 58,000 kilograms of cocaine, 900,000 gallons of precursor chemicals, and $23 million in U.S. currency. To date, 749 members and associates of the Medellin cartel have been arrested in this special enforcement operation.

Since February of 1989, Bolivar has contributed to six different operations by the Colombian national police, which have seized a total of 10,000 pounds of cocaine and destroyed processing facilities which had a capacity to produce 275 metric tons of cocaine.

On August 9 and 10 of this year, in one of these six operations, five major laboratory complexes were seized and destroyed in the Magdelena area, Department of San Tandria, in Colombia. Over 1,200 kilos of cocaine were confiscated, but, more importantly, enough chemicals to produce 125 metric tons of cocaine. Interestingly, this lab also contained reprocessing equipment for chemicals, and if the chemicals on hand had been reprocessed, they could have produced 500 metric tons in this one lab area.

We have brought a very short piece of videotape this morning to give you some idea of the industrial nature of these laboratory operations and, with your permission, I would like to play that now.[1]

[A videotape was shown at this point.]

As you can see from this videotape, you can see some tanks there next to the person in the photograph, which gives you an indication of the type of chemical activity and equipment it takes to run a lab like this.

Here is a tower that stretches some 40 feet in the air, which is utilized for distilling certain chemicals in these processes.

Again, the chemicals on the ground of this lab would have made 125 metric tons or 500 metric tons if re-processed.

While these lab sites might appear crude, they are quite well organized. There were several spread across quite a geographic area, but they are all interconnected.

Here you are seeing some of the camouflage that was used to cover these lab sites. We were told that you would never be able to spot this complex from the air, if conducting aerial surveillance.

Again, considerably smaller containers for chemicals. The chemicals were delivered to this lab site in tankers, tractor-trailer tanker-type vehicles.

Here is a walkway from one of the complexes, going off into a different set of buildings.

Here are some Chinese labels off of some of the chemicals that were present, again, some of the camouflage for these lab sites.

Here are the dormitory areas, sufficient to sleep perhaps 100 people, workers at this lab site.

Here is some of the rubber hose that goes from these very large tanks throughout this complex.

Senator **Roth**. Is this the most sophisticated lab discovered yet?

Mr. **Westrate**. We have seized, collectively with our counterparts, several that are similar to this. In fact, I have a map of Colombia that shows some major seizures since February—it is up here on the left, on my left—it shows six major lab complexes that have been seized since February.

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[1] Exhibit 6. Retained in Subcommittee files.

Some of the drying apparatus. They have now gone to using microwave ovens, as opposed to heat lamps, in the drying process of cocaine hydrochloride in Latin America.

Some huge generators they bring into these sites. Most of these sites are very well isolated in the jungle and they are completely self-contained. Many contain even hangers for aircraft, with mechanics, towers for controlling air traffic, security towers, elaborate security systems. They are very sophisticated.

Here is one of the buildings. Some of these buildings are three levels in height.

Here is some of the reprocessing equipment that I spoke of. This is a new phenomenon that we are seeing, reprocessing chemicals. We haven't seen this before, and I think it is reflective of some of the pressure we now have on the chemical supplies and/or the traffickers' anticipation that chemicals will be difficult to acquire.

A mess hall kitchen arrangement; again, more of the equipment that is required for the chemical processes.

Senator **Roth**. Do you have any idea how long it takes to build such a lab or what its cost is?

Mr. **Westrate**. It would take many, many months to put this together and a considerable amount of money. The transportation to these sites is very difficult. They often use the river systems, they often use helicopters, and we've known in the past that they have employed heavy-lift helicopters to bring, particularly these big generators in to these sites.

Again, some more of the buildings in this particular complex.

Here is some apparatus for agitation. It is like an assembly line system, where they can agitate cocaine in process.

Here is some of the cocaine in these buckets in process in this laboratory. This was a major, major lab belonging to the Medellin cartel, I would point out.

Here you will see the destruction of this lab. Now, usually the method of destruction is to shoot tracer rounds into some of these chemical containers, ether, in particular, which does cause quite an explosion and fire. There is really no other way to dismantle these labs out in the wilderness.

You will see in a minute—and that will be the end of the tape—a little footage that was taken the following day of the underground storage tanks that were being used for chemicals storage tanks like you would see in a gas station for holding the gasoline underground, and they were filled from tanker trucks, as I mentioned.

There are the openings into the massive underground tanks. So, you can see that these laboratories are, in effect, industrial types of operations.

I would point out that our Peruvian counterparts over the weekend also seized a laboratory there that had a production capacity of 1,000 kilograms per month of cocaine base and, as we will testify in two weeks, our efforts are geared in part toward this production capacity.

That will be the end of the tape right there. Again, the hose is going down the hill from the one tank.

I would like to make some brief comments, if I could at this time, about the Medellin cartel, which is headed by Pablo Emilio Escobar-Gaviria, Jorge Luis Ochoa-Vasquez, and Jose Gonzalo Rodriguez-Gacha, as well as Gustavo de Jesus Gaviria-Rivero.

The chart that the Committee has up there adequately depicts, I think, the top layer in this cartel. Pablo Escobar is a former alternate Senator from Medellin and is the most powerful of the Colombian traffickers and a key member of the Medellin cartel leadership. Escobar's group was among the first to organize a corporate-like structure, dispatching representatives or messengers to the U.S. cities to establish various regional distribution networks.

Escobar and his cousin, Gustavo de Jesus Gaviria-Rivero, are responsible for the production, transportation and distribution of cocaine to the United States. One of their primary transshipment countries is Mexico. Some cocaine controlled by Escobar is reportedly being shipped to Europe in increasing quantities.

In addition to being under indictment in the United States, Escobar has been indicted for two murders in Colombia, and Gaviria has been implicated in the murders of two policemen.

Jorge Ochoa has been personally involved in each aspect of the drug business for over a decade. He has emerged from a participant in a 60-pound cocaine delivery in 1977 to part owner of the largest cocaine processing complex identified to date. Today, the Ochoas are ranked by Forbes Magazine as the 14th richest family in the world. Jorge Ochoa primarily oversees the transportation end of the traffic, exercising direct control over distribution networks in Florida, California, and New York.

Ochoa has been indicted four times in the United States. He has been arrested twice, once in Spain and once in Colombia, and was released both times. Brothers Fabrio Ochoa and David Ochoa have also been indicted in the United States.

Jose Gonzalo Rodriguez-Gacha, also known as "El Mexicano," heads an international cocaine production and distribution organization based in Bogota. Rodriguez-Gacha's specialty within the cartel is the oversight of cocaine laboratories and the transportation of cocaine from the laboratories to various areas of Colombia. In addition, he has organized a para-military force which is responsible for the security of cocaine labs, debt collection and assassinations. He has been indicted in multiple U.S. districts.

I have a chart here which displays the scope of the Medellin cartel,[1] and I would point out that we have had to block the names of most of the players off of this chart. But if Mr. Williams, a DEA agent supervisor, could bring that charter closer, perhaps you could get a better understanding of what it portrays.

It gives you some feeling for the geographic involvement of the various members and how they fit together. For example, on the lower right side, there is a legend: Pablo Escobar's activities and sub-cells being in blue; Ochoa's red; Gaviria's is green; and Rodriguez-Gacha is yellow. And it is difficult to see on this chart, but Colombia has, of course, involvement of all of these people, but there are other cities throughout not only the United States, but

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[1] See Exhibit 7 on p. 179.

Europe as well, that have multiple involvement from these various sub-sets of this cartel—San Francisco, Santa Barbara, Los Angeles, San Diego, Tiajuana, Phoenix, Abilene, Texas, Houston, Guadalajara, Dorango, Guatemala, Bonn, Paris, Madrid, Miami, Rio, Santacruz, Bolivia, the Bahamas, you name it, these people are involved in these various geographic areas around the world. Some recent intelligence indicates they are showing some interest in Japan, as well

So, it is clear that these sub-cells of these cartels are in many cities. We do have a very good handle, in my opinion, as to the location and who are the people in charge of these sub-cells in these various cities.

I would like to take this down one step further and give you a description of one of the sub-cells and how it functions in terms of the investigations that have been conducted. Here, this chart [1] describes just one investigation, a multi-agency investigation, both domestically and internationally, that gives you some idea of how complex one sub-cell of the cartels function.

This, of course, is Medellin, a cell based in Medellin. First of all, a Bolivian laboratory was seized which contained the capacity for 3,000 kilograms per week. This cell manufactured and trafficked in what was called a happy face logo, each kilo had a happy face on it, which, of course, was something that we used from an intelligence point of view. The plate for this logo was seized at the laboratory in Bolivia.

Argentina, there was a seizure of 589 kilos in 1989, 12 arrests, again the happy face markings in Argentina. In Philadelphia, 1,124 kilos, again with a happy face logo. That cocaine was shipped in cans of anchovies and was ultimately destined for New York. Arrests were made in that case, as well. In Sierra Blonca, Texas, 5 kilos and a happy face, plus arrests, also showed up in that case down there.

This all tied to a major investigation conducted by the Customs Service called Operation Seachase, which was based primarily in the Tampa, Florida area. Millions of dollars were seized, 30 people arrested in that case, four financial institutions were involved, and also the money aspects of this case involved Detroit, Chicago, Los Angeles, Houston, Tampa, Miami, the money went to Panama and to Switzerland.

I think what is represented here is probably 2 or 3 years of work on the part of law enforcement organizations, not only in the United States, but our foreign counterparts as well.

A few comments about the Cali cartel. I would like to show a chart of the worldwide seizures of money and cocaine, to give you, again, an indication of the expansive of the Cali cartel.[2] The orange dots represent cash seizures, but they have to be half a million dollars in order to qualify for the chart. The cocaine seizures are in red and, to be put on the chart, it had to be at least 250 kilos, which is about 700 pounds.

Our Cali cartel efforts in DEA is known as special enforcement Operation Calico. It targets, of course, the Cali cartel. This SEO involves 10 countries, 56 DEA officers, 170 investigations, and 84 informants. As of July 1989, Calico has been responsible for the seizure of over 43,000 kilos of cocaine, as indicated on the chart, and $58.7 million in U.S. currency, and $7.9 million in property. A total of 380 members and associates of the Cali cartel have been arrested so far in this investigation.

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[1] See Exhibit 8 on p. 180.

[2] See Exhibit 9 on p. 181.

We have a chart of the Cali cartel which is similar to the one I showed you geographically for the Medellin cartel.[1] As you can see, and it was characterized earlier today at the hearings, the Cali cartel is somewhat smaller, but it also has the same type of geographic coverage. New York, again, of course, Miami, Colombia, Los Angeles, and Houston, Mexico, and other cities, of course, domestically.

The red dots on this chart indicate the people in the Cali cartel who are fugitives in United States indictments and, as you can see, there are a good 10 or 12 fugitives in the Cali cartel as well.

Jose Santacruz-London, who has operated a large-scale cocaine trafficking network since 1975, is one of the premier drug traffickers in the world. The Santacruz organization operates in the United States, primarily in New York, Miami, L.A., San Francisco, Houston, Las Vegas, and Chicago. Santacruz uses well-structured money laundering mechanisms to move his profits. As I said, he is a DEA fugitive.

Gilberto Ridriguez-Orejuela and his brother Miguel own Drogas La Rebaja, a chain of discount drug stores in Colombia. Gilberto Rodriguez oversees the logistics of the organization's cocaine smuggling and money laundering operations. He is believed to launder approximately $10 million each month through various banks in Panama.

Miguel Rodriguez, who operates legitimate businesses, such as a network of banks, real estate and construction firms in Colombia, has been involved in drug trafficking activities since 1980. He was once the Vice President of the first Inter-Americas Bank in Panama. Both brothers are fugitives.

I have an example here also of another cell in the Cali cartel, again, without names, but I would like to give you some idea here as to how the Cali people operate, as reflected in just one cell.

In Los Angeles, in the beginning, a person was identified through money laundering as having large amounts of cash, and we connected this person to the Cali cartel. We were unable domestically to initially put in wire intercepts because of lack of information. However, our European counterparts were able to put in wire intercepts in Copenhagen and in Milan, Italy, as you can see from the chart. Eventually, we also put in two wire intercepts in the United States.

Based on information developed overseas, which was connected to the Los Angeles individual, a seizure of 3,300 kilograms was made in Florida, and 502 kilograms of cocaine was seized in Detroit, along with $5.4 million in cash. It is interesting to note that, of the $5 million in cash, $3 million of it was in $20 bills or less.

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[1] See Exhibit 10 on p. 182.

Also, we linked this organization to several of the major black youth gangs in Los Angeles and Detroit.

The Operation Calico coordinated and funded this investigation worldwide.

As a result, the leader of this segment of the Cali cartel has been indicted and the distribution organization has been dismantled and trials are currently under way in several U.S. cities.

If the major cartel organizers are apprehended and prosecuted, will it make a difference? Mr. Chairman, I am here today to say that it will, and that difference will be substantially reinforced by the other major initiatives now under way to disrupt all facets of the cartel's operations.

As you are aware, Operation Snowcap is now fully operational in the coca source areas and will be the subject of hearings in two weeks. It has the potential to curtail the supply of coca reaching the cartels for processing and shipping to the United States.

I must add that there are far fewer nations in the world which will provide sanctuary to these criminals. European countries are deeply concerned about increasing cocaine marketing and use and are aggressively working with other nations to stop the traffickers. The building of cooperation and commitment to eradicate these criminals and their drugs from our society is typified by the International Drug Enforcement Conference, known as IDEC, in which drug enforcement executives from Latin and North American nations work together to coordinate drug policy matters and operations.

Last year, simultaneous operations were conducted against these cartels by 30 nations and plans for sophisticated operations are under way for later this year.

Increasing, we are taking measures to strike at the heart of the cartels by confiscating their money and goods. The largest money laundering crackdown ever carried out by the Federal Government was concluded earlier this year in Operation Polar Cap.[1]

Comments have been made this morning about the impact of asset seizures, and I think this is very important. This operation was conducted jointly by DEA, the FBI, IRS and the Customs Service, and I think is a classic example of many of the ongoing cooperative efforts that we have together. There was considerable publicity—and I won't take too much time this morning to discuss this—but it, too, reflects the complexity of the financial support these cartels have, from gold moving from Uruguay, money all over Europe and the United States, Panama, and, of course, as you know, this case was using the jewelry business to mask their proceeds.

Polar Cap I think covered the laundering of $1.2 billion in illicit assets. Also, Operation Polar Cap followed on the heels of two other major money laundering investigations, Operation Pisces,[2] which was more of a traditional money laundering effort between Florida and Los Angeles, and followed some of what we have seen historically as the street-type money laundering activities, seized over $56 million in cash, total assets of $77 million, and 21,000 pounds of cocaine. This case was worked cooperatively with many State and local agencies in the United States.

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[1] See Exhibit 11 on p. 183.

[2] See Exhibit 12 on p. 184.

In addition, we also worked a money laundering case very recently, the Swiss Connection,[1] if you will, and here we found a combination of not only cocaine money being laundered by these groups, but also Turkish heroin trafficking being laundered into the same activities, Panamanian banks, Swiss banks as well, as to where these proceeds have ended up.

This past April, the reported mastermind of Mexico's drug pipeline to the United States, the notorious drug trafficker Miguel Felix-Gallardo was apprehended by Mexican authorities. Gallardo headed an organization which reportedly shipped up to 2 tons of cocaine to the United States each month. Seizures of Gallardo's personal assets may total $1 billion. Gallardo, as I am sure you are aware, is tightly associated with the cartels in Colombia.

Even our joint investigations with State and local law enforcement authorities are targeting the cartels and local cocaine distribution mechanisms. Last December, the New York Joint Task Force seized $19.7 million in U.S. currency which belonged to the Cali cartel. In addition, DEA currently has 263 active investigations under way against gangs and other crack cocaine distribution groups, most of which are being conducted in cooperation with State and local counterparts. Many of these local and regional investigations are linked together and supported by our special enforcement operations.

Finally, new legislation is making it increasingly difficult to obtain essential chemicals used to process cocaine. With passage of the Chemical Diversion and Trafficking Act of 1989, drug enforcement efforts have been greatly enhanced.

In conclusion, I would like to emphasize one point: The cocaine kingpins want a safe haven where they can continue to operate and continue to transport their poison to our cities. We must make sure that they do not get what they want. It is critical that we do everything in our power to bring an end to the worldwide terror. It is imperative that we bring these criminals to justice.

I would like to add, Mr. Chairman, that it is important, as we discuss improvements in our systems, to recognize that we would not be discussing extraditions from Colombia if, in fact, these cases had not been made and indictments returned against these people in the United States. In fact, our only true option for eliminating these cartel figures is through prosecution in the United States at this time.

I thank you. I would be pleased to take any questions you may have.

Chairman NUNN. Thank you, sir.

Senator Roth?

Senator ROTH. Thank you for your testimony, Mr. Westrate. One expert has told us that cocaine is so profitable that if law enforcement interdicts 8 out of every 10 shipments coming into this country, the traffickers can still stay in business. Now, I want to make clear, I think DEA deserves commendation for the impressive arrest and seizure statistics generated by Operation Bolivar. Now, I think this is critically important: What real impact do these interdiction operations have on the trafficking organizations themselves? I want to get into the point of the arrests later, but aside from that?

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[1] See Exhibit 13 on p. 185.

Mr. Westrate. Well, we have to put seizures and arrests in context. I agree with everyone who has testified that that is one aspect. It is a very important aspect, however. One of the critical things about interdictions, including border interdictions, is that those seizures almost always form the basis for major conspiracy indictments, and so they are very important in ending up with indictments on people like Carlos Lehder, Monto Ballesteros, the Ochoas, Pablo Escobar. We cannot set those aside from an investigative point of view, but these types of activities have to be put together with major efforts against the cartels as organizations, which in DEA's framework we are doing through our special enforcement operations, but they also have to be coupled with other activities such as lab raids, such as chemical control, such as demand reduction in the United States, and also a major effort against financing.

In our investigative efforts, we combine three things against organizations, that is, indictments and arrests, seizure of drugs, and seizure of assets. And I would point out to you that, while we can always do better, this year DEA alone will be in the neighborhood of $800 million in trafficker assets seized of all kinds, and about 40 percent of that is cash money.

Senator Roth. As I said, I don't want to take away from those accomplishments, but I think in the broader picture, the need to dismantle the organizations itself has to be the ultimate criterion. I think there that it is a little bit like the count in Vietnam.

But let me ask you this question: You mentioned chemicals on several occasions. Is that a real vulnerability, if somehow the acetone and the ether or whatever drugs or chemicals they need, if they could be cut off, would that be a damaging blow to these organizations?

Mr. Westrate. Yes, sir, absolutely. In fact, chemical legislation was one of the objectives that we set for ourselves 2 years ago in developing our Latin strategy, and that legislation has not only been passed in the United States, but also is part of the United Nations Convention that was signed last December in Vienna. I think we are making good progress implementing that legislation. It can have an impact. However, the traffickers could perhaps adjust.

For example, there is no reason why they could not ship cocaine base directly to the United States, without having converted it to cocaine hydrochloride. Cocaine base is simply the same thing as crack cocaine. So, there are some things we have to watch. Also, the reprocessing, also the notion that they could manufacture their own chemicals in their own cracking facilities, for chemical manufacture.

Senator Roth. What kind of cooperation are we getting from other countries? Do we know what countries are the principal suppliers of these chemicals?

Mr. Westrate. Well, the United States is one principal supplier, and we are working very closely with the chemical industry here on a very cooperative basis. Germany, the Peoples Republic of China, Brazil, Mexico, and there are several other countries that are involved in either the shipping or the transshipment of chemicals.

Senator ROTH. What kind of cooperation are we getting from those countries trying to cut off that supply, or are we seeking that?

Mr. WESTRATE. Yes, we are. This is a fairly new area of endeavor. We have sent teams internationally. It is on the agenda at the State Department, and I think you will see some good progress this year on chemicals.

Senator ROTH. There has been a number of statements in the press about mercenaries from other countries helping train members of the cartel. You made no mention of that. Do you have any information as to how serious a problem that is and from what countries they come?

Mr. WESTRATE. Well, as you I am sure have seen in the media, there are indications that some from Great Britain and some from Israel were involved in the training of cartel people. I think that is probably true. I have actually seen some videotape of some of that training activity. I think this is very serious. Any time you take people motivated to violence like this and give them the sophisticated capability, it is quite a serious matter, and I think you are seeing this training reflected in these various bombs that are going off, people are pretty sophisticated in setting these explosive devices.

Senator ROTH. Now, you mentioned what we have done in the case of chemicals, an effort through the United Nations, there has been to forestall the export of chemicals for certain illicit purposes. Has any similar action been taken along the lines with respect to mercenaries?

Mr. WESTRATE. Well, we are addressing mercenaries along the same lines from an intelligence perspective. When we do get information, we share it, we work on it, we evaluate it. That has been going on even over this weekend in terms of certain information that we have received, so that is a constant thing day to day.

Senator ROTH. Now, you asserted that it would make a difference to these organizations if we put away the kingpins. To what extent is there a chain of command within these groups? If you do away with one or two of the leaders at the top, would that significantly affect their effectiveness, or would they be easily replaced by other members of the organization? What is the relationship between these cells, how do they function?

Mr. WESTRATE. Well, I think they are quite organized now. If you took out the very top people, you would see some immediate disruption, I am sure. But there are so many people involved in this, much of this is family oriented also, do not forget, so I think the cartels would be viable if the heads were just taken off. So, taking off the heads is a very important thing. You cannot ignore them. The option to do nothing is obviously one that nobody would accept, so we have to pursue this very vigorously. But we have to take out the entire organization. If we could do it at once, we would like to do that, but obviously we cannot, so to target the entire organization is our objective in these special enforcement operations and what we are working towards.

Keep in mind, though, I mentioned there are in DEA files some 22,000 individuals and businesses that we have associated with these two cartels, so this is a massive undertaking.

Senator ROTH. I recall, was it 22,000 or 25,000?

Mr. WESTRATE. 22,000.

Senator ROTH. 22,000. Are we able to identify most of the members of these cartels?

Mr. WESTRATE. Yes, indeed.

Senator ROTH. So, of the 22,000, do we know—what percentage would you say we could identify?

Mr. WESTRATE. Well, those people are identified.

Senator ROTH. They are all identified?

Mr. WESTRATE. Yes.

Senator ROTH. Individually, actually identified?

Mr. WESTRATE. Yes. For example, I brought along just a printout from our computer system, this is on Pablo Escobar. We know of 77 aliases that he uses, he is mentioned in 619 separate DEA files, we have identified 175 direct associates—and I could get into other details, but I can't really in this forum. For years, we know an awful lot about not only him, but the other people of these cartels as well.

Senator ROTH. Those are all my questions, Mr. Chairman.

Senator NUNN. Thank you, Senator Roth.

Let me get to the main point of my questioning. I am not going to ask many. Time is important here, as we have got other witnesses. But you mentioned that you have 22,000 names and you have got the top, you have all the way through the structure in your files, is that right?

Mr. WESTRATE. Yes, sir.

Senator NUNN. All right. You heard the previous witness, who really speaks for Director Bennett, say that we did not have strategic intelligence and we had mainly tactical intelligence. Do you agree with that previous statement?

Mr. WESTRATE. Well, in a sense, those are terms of art. Let me give you my perspective on that. DEA has been proposing and I personally have been proposing for over two years that we form a strategic center. I think it is essential that we do that, so that we can maximize what we have.

DEA is limited by the number of analysts we have to work on this material, we are limited also by the lack of sufficient and sophisticated computer capability. Now, that is not to say that we do not have computer capability. We have a substantial capability, but it needs to be modernized and upgraded and, I think more importantly, linked with other organizations' data as well, so we can put the best U.S. effort forward on these organizational efforts.

Now, we are working constantly with the FBI in this context, we have people assigned, cross-assigned at each headquarters, and we share information, we have a joint intelligence group in Miami, for example, and a lot of things that are going on that are good things, but we do need some additional resources and I think the center would be a good idea and we could make some real progress.

Senator **Nunn**. Well, would you agree with the previous statement that we primarily focus on tactical intelligence?

Mr. **Westrate**. Not totally, no. We do focus on tactical intelligence a lot in these investigations, but also I think, from our perspective, our special enforcement operations are exactly that, strategic looks at these cartels and from that look the management of investigative activities in the field.

As I mentioned in my testimony, there are hundreds of separate investigations that are associated with these special enforcement operations. Each agency focuses a little different in this context.

Senator **Nunn**. What about the CIA and the Defense Intelligence Agency, do you coordinate with them? Do they help you in any way, or are they separate and apart?

Mr. **Westrate**. Well, as you know, Mr. Chairman, that is an emerging and evolving relationship. We do coordinate with them very closely. Of course, we cannot get too deeply into that here this morning.

Senator **Nunn**. So, part of what you have is a result of their activities, or are their activities just beginning? You have got 22,000 names in your file, you say, and that is basically the cartels around the country and around the world. How much of that has come from other agencies like the CIA and DIA, or is their effort just beginning?

Mr. **Westrate**. Not a whole lot of it. Their effort is just beginning, and part of the notion of having a center is to be able to coordinate appropriately with those organizations.

Senator **Nunn**. So, you agree with the center idea?

Mr. **Westrate**. Absolutely. We have proposed it and have been talking about it.

Senator **Nunn**. But you would say that you already are gathering strategic intelligence?

Mr. **Westrate**. Yes, sir, but that is not to say we cannot do much better, because I think if we bring up-to-date computer capacity to this effort, we can do a lot more quickly and we also do need enhanced intelligence analyst resources. Every agency would tell you that.

Senator **Nunn**. Do you agree with the basic move to define success in terms of the use of drugs in the United States?

Mr. **Westrate**. Yes, we have always said that. I think when we talk about notions of adding up seizures of money, drugs, arrests of people, those are in a sense a measure of the results of resources available, and I think every agency has done that and will continue to do that, in part. But the real measure has to be and has always been in my mind what impact are we having, are we in fact changing the price, are we in fact reducing the number of users, and so on, and those are the kinds of measures we really have to focus on.

Senator **Nunn**. What is your answer to that, are we indeed making progress in driving down use of drugs in general in America?

Mr. **Westrate**. Well, sir, that is a mixed answer also. Progress on casual use of cocaine, yes, I thought that was quite encouraging. The back side of that, though, is deterioration in the area of hardcore addiction to crack cocaine in particular in the inner cities.

Senator NUNN. Are you satisfied that we have accurate measurements of use or reasonably accurate measurements?

Mr. WESTRATE. I think it is good enough to give us the trends. My experience here, though, has been that the amount of money you would have to spend in order to really bring these measurements up to a detailed level of sophisitication are greater sums of money than we have had available to do that.

Senator NUNN. Do you think it is worthwhile to put some money in that?

Mr. WESTRATE. Yes, I do. But I would also say we do know what the big trends are. Even in the operational area, with all the wiretaps, the informants, the undercover cases, everything that is happening, we know what is going on out there pretty well.

Senator NUNN. Senator Cohen?

Senator COHEN. Just a couple of questions, Mr. Chairman.

Mr. Westrate, there is a lot of discussion in the news media about the reluctance on the part of South American countries to invite the United States, either military involvement or simply even assistance. Is there less reluctance to having the assistance of DEA agents?

Mr. WESTRATE. Yes, I would say so. We approach our role as a law enforcement role. We are assigned currently in 45 countries around the world. We signed an agreement with the Soviet Union, we are working with the Peoples Republic of China, and we approach this issue as a non-political law enforcement issue and it seems quite successful. We are very active in Latin America, as you know.

Senator COHEN. Even though it is law enforcement that you are looking at, they are trained, are they not, at Fort Benning?

Mr. WESTRATE. Yes. In fact, I went down to the graduation of the first agents through our newly designed training program put on by the Army Rangers, but I would point out to you that it is not Rangers school, it is a school that is put on to teach DEA agents those skills that are necessary to function and survive in the environments that we are encountering in South America.

Senator COHEN. Are you satisfied with the adequacy of the training?

Mr. WESTRATE. Yes, it really was good. I was quite impressed with it.

Senator COHEN. And the results of the training?

Mr. WESTRATE. Yes, outstanding.

Senator COHEN. Are they getting the necessary language skills

Mr. WESTRATE. Yes, they are. We are going to the Defense Language Institute for 23 weeks of Spanish training. We had started trying a 6-week effort and then 24 weeks, and we are now at a position where we can invest the time to get more extensive language training.

Senator COHEN. What do those activities include? Is it intelligence-gathering? Is it military activity or para-military activity?

Mr. WESTRATE. In the training, sir?

Senator COHEN. No, in the field.

Mr. WESTRATE. Any and all aspects of drug law enforcement, informant management, coordination of investigations, if we hit a lab site, we want to know where the chemicals came from, we want to know what the capacity was, we want to know any markings and any of the type of thing that would help us. For example, in Bolivia, our main focus right now is to identify those groups that are actually purchasing the paste product from the Campesinos in focusing our enforcement efforts against those paste-buying groups, and then against the hydrochloride labs in the area.

Now, the para-military aspects of this really are driven by the environment that we are functioning in. You are not close to hospitals, so we have hired six DEA medics. We have medics who are basically retired special forces medics who are supporting. This past weekend, they had some activity where the medics proved most useful. So, we are adding to our basic drug law enforcement abilities those skills and techniques that we need for that environment.

Senator **Cohen**. Do you have any information as to whether there has been any cartel penetration of the government agencies the DEA has to work with?

Mr. **Westrate**. Internationally?

Senator **Cohen**. In those countries in which DEA is working, do you have any evidence that cartel organizations themselves have been successful in penetrating government agencies, to know when a strike is coming, when a law enforcement operation is under way? Can you tell us about that?

Mr. **Westrate**. Yes, clearly, corruption is a factor worldwide. It is something that we put into the management of our efforts on a continuing basis. Our counterparts are also very concerned about that. When we develop information about corruption, we do pass it. In most cases, action is taken. I think if there was less corruption, we could be more efficient, but we have to live with what exists.

I think all the agencies are making some progress in this area, but clearly, bribes and corruption are a big part of what exist today, particularly when you talk about cartels, with this type of strength and financing.

Senator **Cohen**. There were one or two DEA agents who were killed in a helicopter crash earlier this year. Have you made any determination as to whether that involved foul play?

Mr. **Westrate**. There is no indication that it involved foul play at all. I am pleased to say that we had the best available aviation minds in our government to support it. The FBI supported us with their lab activities, and there is no indication of foul play whatsoever, it looked strictly like an aircraft accident.

Senator **Cohen**. Thank you very much.

That is all I have, Mr. Chairman.

Senator Roth [presiding]. Thank you, Senator Cohen. And thank you, Mr. Westrate, for your testimony.

Mr. **Westrate**. Thank you.

Senator **Roth**. At this time, I would like to call forward William Baker, of the Federal Bureau of Investigation.

Mr. Baker, I would like to publicly express my appreciation for the cooperation and assistance and patience of the FBI during these investigations.

Would you please raise your right hand?

Do you swear that the testimony you will give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. BAKER. I do.

Mr. BINNEY. I do.

Mr. MCNALLY. I do.

Senator ROTH. Thank you. Please be seated and proceed with your statement.

TESTIMONY OF WILLIAM M. BAKER, ASSISTANT DIRECTOR FOR INTELLIGENCE, FEDERAL BUREAU OF INVESTIGATION [1] ACCOMPANIED BY DAVID G. BINNEY, SECTION CHIEF, DRUG SECTION, CRIMINAL DIVISION, AND TIMOTHY McNALLY, ASSISTANT SPECIAL AGENT IN CHARGE, MIAMI FBI FIELD OFFICE

Mr. BAKER. Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today and I would like to summarize for you my opening statement on the FBI's role in identifying, investigating and dismantling Colombian drug trafficking organizations.

In order to illustrate more clearly the operation of Colombian drug cartels, I have brought for the Committee a series of charts,[2] but your own staff has been more than adequate and I will spare redundancy on many of these.

Colombian cartels have evolved into huge international combines and they are capable of regulating prices and controlling the production of one of the most deadly organic products to reach our shores in decades—cocaine.

The FBI entered the drug wars in 1982, so that our years of experience and expertise in attacking organized crime enterprises and white collar crime syndicates would be applied to the rapidly expanding Colombian and other international drug organizations.

In 1982 and 1983, the FBI received appropriations for less than 400 special agents to devote to the war on drugs. Our intelligence base on drug traffickers and their organizations was sparse. Yet, the FBI was able to bring its investigative skills in conducting long-term, complex investigations, using our most sophisticated techniques, including undercover operations to bear on Colombian cartels.

The techniques and expertise that had been so successfully employed to dismantle La Cosa Nostra would prove to be just as effective here, but it did require modification to fully address the vulnerabilities of this new target.

At first, the cocaine chain was too tightly controlled and the geography too narrow. The drug culture closed in around the cartels and insulated them from FBI penetration, but they were driven by greed and phenomenal wealth of the drug trade.

The cartels formed in Colombia opened branch offices in the United States, beginning in Florida. It was in 1985 that the FBI began to develop the intelligence base that made possible the identification of the cartels, to include their structure and their methods of operation.

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[1] See p. 161 for Mr. Baker's prepared statement.

[2] See Exhibits 15-17 starting on p. ?

Our initial intelligence base was developed and analyzed by the FBI's Joint Drug Intelligence Group in Miami and our Drug Intelligence Unit at FBI Headquarters. Both of these entities work close with the DEA at the field and headquarters levels in producing this intelligence data.

Through the use of FBI racketeering enterprise investigations or REI's, the Joint Drug Intelligence Group has identified more than 200 Colombian importation/distribution groups operating in Miami and other parts of the United States. In addition to Miami, the FBI is currently conducting 30 separate REI's, all focused on collecting intelligence concerning Colombian and other international drug trafficking organizations.

The Miami Joint Drug Intelligence Group is unique in that it is dedicated exclusively to developing, debriefing and directing the long-term sources of drug intelligence information. Buy-bust type cases are avoided, in favor of cultivating continuing sources of intelligence data that can be used to dismantle whole organizations. Absent this dedication to long-term organizationally focused investigations, the continual arrests of low-level, non-critical cartel employees, and the daily seizure of multi-hundred kilogram quantities of cocaine do not significantly affect the ability of the cartels to operate. To the cartels, these arrests and seizures are merely the cost of doing business, one that they are willing to pay, with the almost certain prospect of enormous profits.

The Drug Intelligence Unit at FBI Headquarters is a clearinghouse for FBI field data produced by the Joint Drug Intelligence Group and other intelligence initiatives in FBI field offices. FBI and DEA intelligence data is reviewed, analyzed and the data incorporated into comprehensive intelligence reports that are suitable for use in oversight, management, trend projection and operational support to both FBI and DEA field personnel.

In order to complete the circle of drug intelligence analysis, the FBI has developed the computer capabilities necessary to support the investigators and analysts. A state-of-the-art drug information system prototype has been tested and is being implemented. The system will be phased into operation in 18 of our 57 field offices, beginning in fiscal year 1990, and will aid in program management by improving asset seizure and forfeiture processing; formulating our strategy; analyzing raw intelligence data; projecting trafficking organization trends; and providing computer-aided visual investigative analysis.

The drug information system will produce near-term benefits to support a wide variety of FBI drug investigative needs, while moving forward to a far-term goal of becoming the nexus for a multi-agency, integrated drug analytical intelligence system.

The most significant drug trafficking organizations and the cartels they form are the target of the FBI's most recent and ambitious effort into criminal intelligence analysis. Colombian cartels are formidable opponents, worthy of the best efforts of drug law enforcement.

As an example, the infamous Medellin cartel is actually a group or conglomerate made up of the pooled resources, as mentioned here today, of at least three principal organizations: the Pablo Emilio Escobar-Gaviria organization, the Jorge Luis Ochoa-Vasquez organization, and the Gonzalo Rodriguez-Gacha organization. At least 17 other subordinate organizations are also involved.

The structure of the organizations that make up the Medellin cartel is typical of cocaine organizations in general. With the exception of the bosses of the organization, the management hierarchy appears fluid. Group members change position or affiliation within the cartel, occasionally branching out to start their own organizations. Yet, the key figures in any group, we find, remain relatively constant. They develop new markets traditionally and settle their disputes on a global level.

The cocaine is, in an economic sense, both a product and a service market. In the individual organization, the division of labor is highly complex and organized. At the low- and mid-levels of these organizations, the managers are easily transferred, even through the positions and even though they remain constant. Crop production and refining are multi-phased operations and, as such, they are labor-intensive. Traditionally, they are foreign-based, limiting the FBI's ability to gather strategic operational intelligence on this particular aspect.

Once refined, the cocaine product must be transported to markets in the United States and Europe. Often, the transportation managers are also wholesale distributors of the product. Wholesale distribution within the market area requires yet another structural level in the organizational hierarchy.

Once delivered to the market territory, cocaine must be stored, transported, and sold in an increasingly hostile environment. Property custodians or managers must rent stash houses, vehicles, communications devices and all supporting documentation and financing for the franchising of the cocaine product within our borders.

It is at this level that investigative law enforcement, as opposed to interdiction operations, most often encounter the cocaine distribution network. It is also at this level that the opportunity is present to use sophisticated investigative techniques and carefully recruited informants to penetrate the network and begin a long-term investigation to both identify and gather evidence against as many elements of the organization as possible.

The investigative opportunity must be maximized. The temptation to quickly seize a significant cocaine load and arrest those persons initially identified is rejected in favor of the longer-term commitment to dismantle the entire organization.

The FBI's recently concluded CAT-COM—catch communications—investigation is an example where the FBI targeted the transportation division of the Colombian organization. Statistics of this case speak for themselves. In excess of 5.5 tons of cocaine and over 105 tons of marijuana were seized or recovered.

The methods used were equally unique. The CAT-COM undercover operation sold sophisticated electronic communications equipment to Colombian organization members operating in South Florida. Through the use of court-ordered electronic surveillance, the FBI and other organized crime enforcement task force agencies, under the FBI's lead, tracked and seized incoming shipments, while identifying and pursuing the organization and its members.

A critical and yet often overlooked factor in the success of CAT-COM and its genre is the element of operational intelligence. Without an intelligence base, our CAT-COM undercover agents would have been unable to isolate those individual drug trafficking members from the general population. Even more importantly, our intelligence capabilities enable the FBI to isolate the highest-level traffickers to target for our communications operation. Time spent by the Miami Joint Intelligence Group has been returned manyfold by saving scarce investigative resources from false starts at secondary targets, expensive pursuits of targets of opportunity, and the immediately gratifying but overall ineffectiveness of "cold hits." CAT-COM, I should mention, has so far led to the indictment of 92 major drug conspirators and the dismantling of 7 drug transportation and distribution groups allied with the Medellin cartel.

The charted intelligence products displayed here today are but an example of a first step in a total multi-agency approach to the intelligence analytical process. Both foreign and domestic data is required on a time-sensitive basis. Data storage, retrieval and collection cannot be viewed as the final phase of this process. Analysis is absolutely essential to capitalize on quality intelligence information.

It is the FBI's proven ability to gather, store, retrieve and analyze intelligence data that we believe adds an essential and extra dimension, a unique ingredient to our drug law enforcement. The Joint Drug Intelligence Group in Miami, the Drug Intelligence Unit in Washington, and the FBI's Drug Information System are designed to go beyond investigative targets of opportunity and cold-hit interdictions, with a clearly-defined intelligence-driven investigative targeting program. This program will allow us to effectively bring to bear the FBI's proven ability to dismantle complex criminal organizations through the use of sophisticated, long-term, organizationally directed investigations.

Mr. Chairman, that concludes my summary statement and I would now like to turn your attention to a particular chart that we have of Colombian cartels in the United States.[1]

The FBI began collecting organizational intelligence on Colombian cocaine traffickers in 1985. This collection process has largely been the responsibility of the Miami FBI-DEA Joint Drug Intelligence Group, which has performed this task with limited personnel resources.

Due to these limited factors, FBI drug intelligence efforts have been directed at developing profiles on the groups, having the most significant impact on U.S. cocaine importation and distribution. Consequently, while a great deal is known about the organizations affiliated with the Medellin and Cali cartels, there is in some instances very little known about the other groups.

The size of the groups, as you have heard today, appears to vary, based on different intelligence approaches. Some of the smaller groups perform specialized functions, such as transporters or distributors for other organizations. Since 1985, Miami FBI, working with other agencies, has identified more than 200 Colombian drug trafficking groups, and these groups have operations in the United

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[1] See Exhibit 14 on p. 186.

States. Each of these groups have representatives in the United States or otherwise affect drug activity here.

These Colombian trafficking groups directly impact drug activity in at least 13 States. The map that I am demonstrating for you illustrates where the organizations identified are active, as well as the cartel with which they are allied. Some groups are allied in more than one of the four cartels identified here, while other groups are believed to have no central affiliation.

Jack, if you would note that Miami, New York, and Los Angeles are designated through our investigations as first-level drug distribution centers. These are the three most active Colombian trafficking centers in the United States.

Let's take a look at Miami. We have identified 128 Colombian organizations with activity in the Miami area. The cartel affiliations there are broken down through our analysis, as follows: 32 groups are members or allied with the Medellin cartel; 13 groups are members or allied with the Cali cartel; three groups with the Bogota cartel, and 12 groups are members or allied with the North Coast cartel, and that North Coast cartel is the one that was not addressed by previous testimony, so for a moment I would like to tell you that it is the closest group to the United States on the north coast of Colombia, and it was very active in the 1970's, transporting marijuana into the United States.

We have identified transportation and distribution groups of this cartel. The names we have excluded because of ongoing investigations. It is worth noting, we believe, that they are among the most violent of the drug cartels working in the United States.

We have 94 FBI agents in Miami, Mr. Chairman, assigned to drug investigations, and we employ six drug intelligence analysts in Miami. One thing that I learned on a 2-year assignment at the CIA was the most effective way to conduct long-term complex investigations, was to better employ intelligence analysts, and I was happy, upon returning to the FBI, to find that they had discovered that in the process and we are attempting to increase the number of analysts we apply to this problem. Those analysts as I described in Miami are situated in the field offices.

In New York, we have identified 52 organizations with activity, and they are broken down as follows: 19 groups with the Medellin cartel; seven groups with the Cali cartel; one group, the North Coast cartel; and 25 groups with no known affiliation. In New York, again, a similar number: 96 special agents are assigned to drug investigations, and five are doing the analytical work for us.

The last of the three first-tier cities for bringing drugs into this country, Los Angeles, has 28 organizations that we have identified with known activity in that city: 15 are associated with the Medellin cartel, two groups with the Cali cartel, one each with Bogota and the North Coast cartel, and nine with no known affiliation. In Los Angeles, we apply to this problem 80 special agents and five analysts.

We do have the Level II cities, Boston, Chicago, Detroit, Houston, Newark, San Diego, San Francisco, and there are additional areas of the country that we have identified with significant cartel activity.

The point is that we have applied our capabilities, those that were proven in our organized crime investigations to effectively dismantle the 25 La Cosa Nostra families in the United States, to this same problem, and I think our biggest asset is the realization that we have to have computerized capability, and to that extent, sir, we have in place a prototype that we call Apollo, which is a multidimensional computer capability, we have demonstrated this to Mr. Thornburg's staff, and we are going to demonstrate it to Mr. Bennett this Thursday.

We are excited about this particular computerized capability, because it will enable us to bring onto one screen otherwise incompatible computer data bases, so that we can draw upon in the FBI our other proven management systems that singly have not proven sufficient for the drug war. Our organized crime information system, which is very effective to help us attack La Cosa Nostra, but we found that even coupled with our investigative support intelligence system was not enough to handle the volume and the intricacies of the drug efforts, and so our Technical Services Division, working together with our Criminal Investigative Division, has developed this prototype and that is the heart of our Drug Information System, a system that we offer and hope will be considered in whatever finally is evolved as a national drug intelligence center for law enforcement.

Senator NUNN. Do you think that that center, Mr. Baker, that you are talking about, should that be part of this new strategic intelligence organization, or should that be the center of it? Is that what you are talking about, strategic intelligence?

Mr. BAKER. Yes, it is, sir. This computerized system will allow us to use visual analysis, it will allow us in its final phases to transport photographs, to do program management, to utilize artificial intelligence, and I am told by computer experts who have examined it, that it is fully capable of the challenges of whatever finally is decided upon for an intelligence center.

Senator NUNN. You are saying that this effort could be the center itself, because what you are describing sounds to me as if that is what Director Bennett's organization is describing. Is that a correct interpretation?

Mr. BAKER. It will be the tool, the machine that can effectively draw all of the data bases together and therefore make the agents and personnel assigned to that privy to the same information out of one locale, which now we have to go to different areas to get. The FBI worked with DEA and we set up an earlier version of this which we call Tiger Paw, the idea being that we could put incompatible data bases on one screen and then use it, which we are doing at the EPIC center in Texas.

With this machine that I am talking about, this computer, we will be able to cut and paste and collate information from all these various data bases, and that is really the heart and essence of it.

Senator NUNN. I guess what I am asking is do we need the FBI capability and then do we need, in addition to that, a separate umbrella for all of this, or are you describing one and the same thing?

Mr. BAKER. This particular computer, sir, could be used as an umbrella and we are prepared to use it in the ongoing investigations that we now have. We are going to deploy it next year in 18 of our 57 field offices. We have the funding for that and we are going to move ahead to add it to the remainder of our field offices by 1993. We will also have it at FBI Headquarters, but we are not covetous of this capability, it is one that we have shown to other agencies and we believe could be the heart of this intelligence approach.

Senator NUNN. Thank you. Did I interrupt you or did you finish your statement?

Mr. BAKER. No, sir.

Senator NUNN. That was the end. Thank you for your testimony.

Senator Roth, let me just ask one or two questions and then I will defer to you.

In what we call traditional organized crime, we know that, from time to time over the years, there have been wars between various groups, and we know from time to time there have been what we call commission meetings. Do you have either of those kinds of developments with the drug cartels? Do you have wars between the groups, between the cartels? I am not talking so much street level, but high-level wars. And do you have any kind of evidence that there is a commission that supervises territory, jurisdiction, and so forth and so on?

Mr. BAKER. Sir, we have evidence of the wars, to answer your first question, and those battles are being conducted at high levels within the cartels.

As far as a commission, we have found nothing as solid as the traditional LCN commission that would go out and resolve turf issues, and that perhaps makes these cartels more volatile, because they do not appear to have that umbrella leadership. It is the three major cartels, the two really, and then Bogota [1] and the North Atlantic.[2] Clearly, the Cali [3] and the Medellin are the primary forces.

Senator NUNN. I notice on the State of Georgia up there, you have Macon and Atlanta, and you have blue, which means "other," meaning not part of the identifiable cartels, and you have those blue marks in a number of other places, Oregon, I see Arizona, New Jersey, all over the lot. Are those other designations important organizations, or are they just ad hoc, sort of minor players in the league?

Mr. BAKER. No, Senator, they are important. Much of the FBI's resources applied—and we have approximately 1,200 agents working this drug battle—work in the organized crime drug enforcement task forces. These task forces around the country enable the FBI, DEA and other Federal agencies to maximize our Federal presence by bringing in local deputies, and we are therefore able to address some of the significant local problems, and a lot of those blue lines are unidentified because we have not directly tracked them back. We know they are getting their cocaine from Colombia, but our intelligence is not hard enough to say that it is the Medellin group, as opposed to the Cali group.

Senator NUNN. So, it could be, though?

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[1] See Exhibit 18 on p. 190.
[2] See Exhibit 19 on p. 191.
[3] See Exhibit 20 on p. 192.

Mr. **Baker**. Yes, sir, and those lines will change and we may end up with a red or other tag on it.

Senator **Nunn**. You have had several indictments in Atlanta, for instance, and I thought that individuals were thought to be members of the Medellin cartel.

Mr. **Baker**. In that instance, yes, sir.

Senator **Nunn**. Senator Roth?

Senator **Roth**. Thank you, Mr. Chairman.

As I listened to your testimony, Mr. Baker, in many ways it seems to me to reflect also what Mr. Carnes was saying, that we need to develop a strategic offense and not a tactical offense. I think Mr. Sessions recently testified how in the case of the LCN we spent many years on a tactical approach, but it did not achieve the basic purpose of dismantling the organization. Do you think your experience in dealing with the LCN and developing a strategic approach to try to dismantle them will be useful or can be useful in developing the strategy against the drug traffickers, and what differences would there be?

Mr. **Baker**. Well, I certainly do see a great crutch in us being able to draw upon our organized crime experience. It is not by accident, Senator, that they are worked in the same branch at our Headquarters, we have our Organized Crime Section and our Drug Section under one deputy at FBI Headquarters.

When we got into the drug wars in 1982, we drew very heavily, both in the agents themselves and in the experience that we gleaned from effectively going after the LCN. There are differences, the fluidity that has been mentioned in earlier testimony is more apparent in these drug cartels. The leadership is family oriented in many cases and city oriented, which does have some tracking to our traditional organized crime.

We have the similar language barriers. Instead of Sicilian and certain Italian dialects, the Colombian dialects pose to use translation problems. But we find that there are enough comparable items that our approach strategically is very similar in going after the cartels. The use of the sophisticated techniques, our capacity to use undercover agents, cooperating witnesses, and go long-term after this problem, not to take out an early cache of drugs, but to wait, to introduce the Title III's, because just as within the LCN, these cartel members must communicate, and I mentioned our Catch Communications, which also identifies the importance of our racketeering enterprise approach to the drug problem.

We did not just accidentally come across those people who we were targeting. We had conducted the REI, identified the organization members, and then sought out the key members by this communications undercover company which we set up to sell them cellular telephones, side-band radios to communicate with their smuggling fleets and then, with court-authorized access, we followed those and were able to therefore be effective. That is the traditional type of work we applied to the LCN.

Senator **Roth**. Isn't one of the most significant differences between the LCN and the drug cartels the fact that they are not within our jurisdiction, they are within foreign countries, so that it makes much more difficult the question of apprehension and punishment?

Now, you mentioned on your chart the number of operations of the cartels within the U.S. Let's assume for discussion that all of those were destroyed and dismantled. Would that be a major grievous blow, or would that be easy to replace?

Mr. **Baker**. Senator, if we were able jointly, I might add, to eradicate all of those groups, that would be a major blow. The one thing that we are not sure we are getting rid of at the same time is demand, and if that demand for the drugs remains constant, then the profit margin is such that, not for the sake of this hearing, but we have Asian groups waiting in the wings and there are other groups that are more than willing to fill any void, so it takes this applied strategic law enforcement approach, coupled with other agencies and our own efforts to reduce demand, before I could tell you that that in a sense would wipe out the problem.

Senator **Nunn**. I believe you are saying, if I could interrupt just a moment, that no matter how well we do on the supply side, even wiping out the cartels themselves, unless we do something about demand, drugs are going to continue to come into this country. Is that what you are saying?

Mr. **Baker**. Yes, sir.

Senator **Roth**. I think that is the reason President Barco's statement was so eloquent the other day about how every casual user is really helping these criminals.

But going back, do we have any intelligence as to how much of the assets of these cartels are still held within the United States? We know that there are these tremendous laundering operations and so forth, but basically, when you are talking about billions of dollars, would you say or could you categorize in any way what you see as assets in this country?

Mr. **Baker**. Senator, I would refrain from giving you a number. I could tell you that an integral part of our approach to organized crime, and that is what this is, is to use another element proven from our LCN investigations, and that is the forfeiture and asset seizure capabilities. We have created what we call FAST teams, Forfeit and Asset Seizure Teams, in these major offices where we have drug problems. We utilize these teams early on to identify the assets and to work with our special agents, these auditor agents, so that at the time we take down the organization, we can do the most damage, having identified and seized their assets, both within the country and outside the country. Clearly, those identified outside the country are more difficult to isolate, but we are doing a lot of work with the European Community. We expect in 1992, when those barriers break down, a greater flow of cocaine trafficking. As those countries experience the same problem we are going through, we will hope to work with them for better laws, so that we can mutually hit, just as we have done in our terrorists efforts, to develop nations who will work with us.

Senator **Roth**. Time is fleeing. Let me just ask one or two more brief questions. You have analyzed the hierarchies of these cartels to be somewhat the same of a major corporation, you do away with the top commander, they are well enough organized that they would continue to function effectively?

Mr. **Baker**. Senator, we know from experience that when we arrested previous cartel leaders in Spain, cousins, brothers and relatives took over the operation, so that we are aware that, as in our own work, everyone is somewhat replaceable and they do have the infrastructure so that new leaders can take over. I think that is the significance of not just focusing at the lower level and the high level, but going after the entire apparatus.

Senator ROTH. Well, time is fleeing, so I will end my questions here. Thank you very much for your help.

Mr. BAKER. Thank you.

Senator NUNN. Thank you very much, Mr. Baker. We appreciate your very helpful testimony.

Senator Roth, I believe we have one more witness, a very important witness, and do you want to call that witness?

Senator ROTH. Yes. Our next witness is one of the true heroes in the war against drugs. Fabio Castillo is a former member of the Colombian Attorney General's Office. He recently published a book called "The Cocaine Cowboys," which is widely regarded as one of the most accurate and comprehensive works on the Colombian cocaine cartels.[1]

He is also an award-winning investigative journalist for the Colombian newspaper *El Espectador,* who is currently living in exile due to threats against his life. He is indeed a brave man. We thank him for what he has contributed, and we anxiously await his testimony today.

Senator NUNN. Thank you.

Mr. Castillo, we appreciate you being here. You understand what I am saying all right, getting the translation?

Mr. CASTILLO. Yes, sir.

Senator NUNN. Do you swear that the testimony you will give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. CASTILLO. I do.

Senator NUNN. Thank you. We appreciate you being here. We are not in any rush now. We know your testimony is very important, and so you take your time. We will have simultaneous translation, as I announced earlier. For people who would like to be assisted by translation, there is equipment available in the back of the room.

So we appreciate you being here and we will ask you to proceed with your statement, after which we will have some questions for you.

TESTIMONY OF FABIO CASTILLO, AUTHOR AND INVESTIGATIVE REPORTER

Mr. CASTILLO [as interpreted from Spanish]. Thank you, Chairman Nunn and members of the Permanent Investigations Subcommittee. I will read a summary of a lengthier statement that I turned in before.

My name is Fabio Castillo. My last job in Colombia was head of the investigative unit for a newspaper called *El Espectador,* which I held until December of 1987, when I was forced to leave Colombia because of threats against my life. The threats followed the publication of my book "The Cocaine Cowboys," which is an examination of the roots, development and consolidation of narcotics trafficking groups in Colombia. I wish to clarify that this book is a collaborative effort by many of my colleagues who wish to remain anonymous.

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[1] Exhibit 21. Retained in the Subcommittee files.

I began my career as a journalist in 1972, while I was studying in the university. I originally worked for a Bogota newspaper called *El Siglo,* and in 1979 I changed jobs to *El Espectador,* covering the Supreme Court of Justice and the Council of State. It was in covering this beat that I received my first look at the world of narcotics trafficking as a journalist.

When I was first starting out as a reporter in Bogota, there was very little awareness of the enormity and strength of these narcotics traffickers. We covered stories about them when they killed or kidnapped each other, but we covered it mainly as rivalry between gangs. I remember I first learned of Pablo Escobar in 1982 when a case came before the Supreme Court against Mario Henao Vallejo, Escobar's brother-in-law. The case asked for an annulment of Henao's sentence. There was a tendency on the part of the government to focus on the lower echelons of the organizations, rather than those who directed them.

In 1982, I left the media temporarily to take a job as the private secretary to the newly appointed Attorney General of Colombia, Carlos Jimenez Gomez. In 1982, Bogota and the whole of Colombia was consumed with the violence of a newly emerging, para-military organization which called itself MAS, or Death to Kidnappers. The Attorney General created a commission to investigate this organization. The investigation turned up large amounts of information about the operations of narcotics trafficking groups. Unfortunately, when the report was made public, most of that information was not included.

In June of 1983, I returned to the media as a reporter for the newspaper *El Espectador,* having a greater understanding of the size and strength of cocaine trafficking groups. Also, at that time, Dr. Rodrigo Lara Bonilla had been designated Minister of Justice, and Colonel Jaime Ramirez was then the head of the National Police's anti-narcotics unit. Both of these men were friends of mine. As you may know, both of them were later assassinated by narcotics traffickers.

By 1985, the narcotics traffickers' muscle was being felt by the journalists who were urged to write stories about how horribly Colombians were treated in American jails. This, it was thought, would galvanize nationalistic spirit and garner support to abolish the extradition treaty. Later, the pressure changed so that anyone who published any articles or editorials in support of the extradition treaty was threatened or killed. Raul Echeverria, the editor of Cali newspaper, who was a staunch advocate of extradition, was killed in 1985.

In August of 1986, President Barco took office and 12 extradition requests were waiting for him when he arrived. Betancur, the previous president, had postponed making a decision during the last 6 months he was in office. During the first months of Barco's administration, my editor-in-chief, Don Guillermo Cano, pleaded with the government, in his weekly column, to take a defined position on these extradition requests. Mr. Cano took a singularly direct approach in writing about the narcotics problem. He denounced the narcotics traffickers by name, accusing them of imposing a new kind of slavery on the Colombian people. He accused the government of complicity, stating that not taking a stand on extradition requests was placing too much a hardship on the courts and that the judges were taking the full force of the traffickers assassination campaign.

On December 17, 1989, Don Guillermo Cano was assassinated in front of the offices of *El Espectador,* his newspaper. Evidence suggests that this assassination was ordered by Pablo Escobar. It was one month to the day after the assassination of National Police Colonel Jaime Ramirez.

Immediately after Cano's assassination, *El Espectador,* and other members of the journalistic community, decided to create a journalistic front made up of print, television and radio media. We agreed to jointly cover all issues that warranted our attention, including extradition and other narcotics-related matters. In this way, we hoped to fight back and, at the same time, protect any one journalist or paper from being targeted by the traffickers. After we had published the first five reports, the pressure began to stop us. One by one, the members of our front began to drop out, refusing to publish certain articles. Within three months, this front was dissolving, and within 6 months it had totally crumbled.

The dissolution of this journalistic front combined with the inactivity of the Colombian government in the face of these increasingly bold drug trafficking organizations provoked me to begin working on my book was to open the eyes of my countrymen to the true nature of narcotics trafficking, which by that time had completely altered the constitutional equilibrium of our system.

Much of the information published in the book, both documentary and verbal, had been given to me previously by Col. Ramirez and Dr. Lara Bonilla. Within two weeks of the book's publication, I was advised that a hit team had been sent from Medellin to assassinate me. I am currently living in other countries, continuing my work as a journalist, and I write a column for *El Espectador.*

The investigations that I have carried out since leaving my country have deepened my understanding of the true dimension of international support that narcotics traffickers make use of to survive. The traffickers are able to import, with ease, hundreds of tons of ether and acetone from Germany, the Netherlands, and the United States. Without these precursor chemicals, the production of cocaine would be virtually impossible. Moreover, I have learned that the traffickers use a huge international banking network, which includes 29 identified fiscal havens. Banks in these havens are ready and willing to launder hundreds of thousands of $20 bills produced each year by the sale of Colombian cocaine.

A real war against cocaine trafficking should include among its objectives drastic controls on the sale and distribution of precursor chemicals, as well as equivalent penalties for narcotics trafficking or money laundering.

But this war against narcotics, which has cost Colombia the lives of many of its citizens, also requires a clear and definitive gesture of support from the United States and the other more developed countries. I would cite, for example of this support, the need to sustain the coffee agreement between the United States and Colombia. A good part of the legitimate economy in Colombia draws sustenance from this agreement. Colombia and Latin America in general need a great act of confidence from the developed countries in order to overcome their level of poverty, which today has returned to 1967 levels. We must revive foreign investment, not investment with onerous conditions related to our foreign debt, but investment under terms which are a normal part of international trade.

Colombia needs and merits this show of confidence if we hope to overcome the problems which have made our country vulnerable to the lure of easy money.

Today, there is another new and troubling international dimension added with the arrival of foreign mercenaries from Israel and England who have been contracted to train illegal armies with weapons bought in the United States.

With the assassination of the candidate Luis Carlos Galan, the Colombian administration has declared war against the narcotics traffickers. Perhaps better late than never, President Barco has imposed decrees empowering the government to detain people and seize property and assets. It is all that one could wish, juridically speaking. However, we must wait and see if the political will necessary to capture the bosses of drug trafficking and extradite them to the United States is present. This is the only way Colombia will recover and return to its people their peace and their future. This is the only way to win the war.

Now I will be happy to answer any questions you may have at this time. Thank you very much.

Senator NUNN. Thank you, Mr. Castillo. We appreciate you being here and we appreciate your courageous leadership in this battle against the drug cartel in your own country which has had so much effect in the United States.

Senator Roth?

Senator ROTH. Yes. Thank you.

I have a number of questions I want to ask you, Mr. Castillo, and I too again thank you and congratulate you for your contributions.

It seems to me that the war against drugs is complicated by two factors that in some measure must be dealt with: One is the fact that the economy of Colombia, as well as other areas has benefited from the trafficking of cocaine, so that there is some support for the drug trade among the public; secondly, it is complicated by the violence, of the cartels. They are willing to use violence not only against individual members who are courageous in fighting the drug war, but against their families and, of course, there is considerable corruption, I gather, in the public sector.

How do we deal with these two special situations? You have talked at some length about the problem of aid, but would you agree with me that these factors complicate the situation?

Mr. CASTILLO. First of all, thank you very much for your kind words. I want to thank you both, Senator Roth, Senator Nunn, but I have only been doing my duty as a journalist.

Now, turning to your question, there is definitely an economic concentration of the drug traffickers that is even more significant. That is why I feel that foreign investment can be a way of offsetting this and keeping drug traffickers from getting involved in the traditional enterprises of Colombian capital.

But also, public support—which is very, very limited but it does exist--basically, has been a consequence of the violence and the intimidation because of a lack of effective justice in Colombia. In Colombia, judges cannot work. They lack means of protection. You probably know that they have had to sometimes go on strike to even get paid, and in Colombia no matter where you go, you find prosecutors, you find judges that have been threatened. So Colombia has denied the extradition of criminals, but what has happened is it has seen its judges extradited.

So only with international support to eliminate these two factors that are not part, actually, of drug trafficking—and I am talking about money laundering as well as selling of chemicals—only in this way will be able to make any headway.

Senator ROTH. You mentioned also in your statement that the President has empowered the Government to seize property and assets. It is my understanding that these assets, including ownership of land, are very, very large and substantial in amount.

Could these assets be seized and somehow used to help the public at large as a means of promoting the economy? Does the Government, for example, have authority to take the land that is owned by the cartels and use it for public purpose?

Mr. CASTILLO. Yes. In the public order decree that was issued following the assassination of Luis Carlos Galan, who was a candidate to the presidency, an expanded drug council was empowered to be able to seize land and assets.

And the person that turns up to claim this land or these assets has a 5 day term to appear and to show that the money used to purchase the property was not proceeds from drug trafficking. And since all of the major drug kingpins are fleeing from Colombian justice, I am certain that they will not come in to claim property.

Consequently, these lands will be turned over to an agency, which is the Colombian family Welfare Institute, and this institute will be in charge of distributing these assets according to the social needs of the region where these properties are located.

In other words to answer your question specifically, yes, this can be an important factor, because the Colombian land Agency has estimated that the size of the lands presently under control of the drug traffickers can be one million hectares.

Senator ROTH. I think you heard the earlier testimony about the importance of a strategic plan to dismantle the cartels. As I understand your testimony, you think two critical items in dismantling would be through attacking money laundering and cutting off the precursor chemicals, acetone and ether.

I wonder, if you were the commanding general in this war, what other factors you would include as part of your strategic attack to dismantle these cartels?

Mr. CASTILLO. We also have to take into account transportation, especially air transportation. That is a key element. Right now what is being said in Colombia is that production of the type of aircraft, small aircraft that is used generally to fly cocaine into the United States, has been stopped.

I really don't know what brand name it is, but that it is what is being said, that this aircraft was produced in Great Britain and the patent to the know-how had been acquired by Israel and that that aircraft was being produced but isn't any longer, but that this has—according to what is said on the street—increased three-fold the worth of one of these airplanes. So this would be a way of also stopping drug traffic.

Senator ROTH. I would like to turn, if I might, to the charts on the wall. I think you have had an opportunity to look at them.

Do you generally agree with the information presented in these charts?

Mr. CASTILLO. In general terms, yes. They are very well prepared.

Senator ROTH. Let's take a few names and look at these individuals, specifically.

The Builes family, are you familiar with that organization?

Mr. CASTILLO. Yes, I do.

Senator ROTH. How about Dayro Chica, what do you know about him?

Mr. CASTILLO. Do you want me to comment on these people, on these names, or do you just want me to answer yes, I know them, or no, I do not?

Senator ROTH. I would prefer that you comment on the names.

Mr. CASTILLO. Well then, first of all, regarding Joaquin Builes, what I understand is that Builes works in Medellin. These are two brothers, and basically they are involved in cocaine transportation.

Now, in terms of Dayro Chica, it is said that he was a trainer. He was a horse trainer for the Ochoa's thoroughbreds and that as a result of a special favor, he was drawn into the cocaine traffic. But the truth of the matter is that the comments—and I repeat that these are comments—that what is said in Colombia is that for some special reason his name was left off the list of persons who the United States has asked for their extradition. I don't know if that is true or not.

Senator ROTH. How key are these top figures? If they were imprisoned, would that be fatal to the cartels, or are the cartels so well organized that other members of the family or cartel take over?

Mr. CASTILLO. I think that the arrest, their capture, their incarceration of the leaders of the two cartels, Medellin's and Cali's, would be very, very important in terms of destroying these cocaine trafficking rings. I base my statements on some recordings that were found on a farm belonging to Pablo Escobar called El Bischorcho, that is close to Medellin. Those were recordings that he had made of his own phone conversations, and they allow one to believe that he has almost complete direct control over money management and cocaine management in Colombia, or at least within his organization.

So that to me means that if he could be gotten out of criminal activity in Colombia, that would be very important in terms of a true fight against drug trafficking.

Senator ROTH. We have had some differing information about the Bogota group. Would you identify the Bogota cartel as a separate cartel, or is it part of the Medellin cartel as shown on that diagram?

Mr. **Castillo**. In terms of Bogota, I think that this is more like the Atlantic Coast cartel that was being mentioned before, because the Bogota cartel, if you could use that expression, actually depends in its entirety on Gonzalo Rodriguez-Gacha. It was previously controlled by Mata Ballesteros and Carlos Lehder. The same can be said of the so-called Atlantic Coast cartel.

What it does is—at least as far as I know as a journalist—provide transportation of the Medellin cartel's drugs. So if you begin to dismantle each organization, or if you break them down by regions, we can find the Vichada cartel where drugs are produced. Then we have Tititavy cartel where there is a lab.

So I think that the organization, if you want to give it the name "cartel," which is an association of people so as to dominate a market, control prices, and eliminate competition, would have to be taken in terms of the leaders. In other words, these are Pablo Escobar Gaviria, Jorge Ochoa, et al., and Rodriguez-Gacha, and the Cali cartel that is gaining in importance is made up of the Rodriguez-Orejuela brothers and Jose Sanata Cruz-Londono.

Senator **Roth**. My time is up.

Senator **Nunn**. Senator Roth, I will just ask a couple of questions and then get back to you.

Considering what is going on in Colombia, considering the stand that the Government has taken there, and the onslaught against the Government and the judges and so forth, what are the two or three most important things that the United States should do to assist Colombia during this period?

Mr. **Castillo**. I think that it would be very interesting to determine to what extent we need to have some streamlining within the U.S. organizations, because we can see how from Cuba—according to the most recent trials that we had word of—if we see that from Cuba, cocaine laden aircraft were coming into the United States, having taken off from Cuban beaches, I wonder—suppose there had been missiles aboard? This indicates that there has to be some complicity in terms of some of the security agencies, and I wouldn't even venture to think what these agencies might be. So I think that there has to be some house cleaning on the part of the United States.

Also there has to be some direct control exerted over banking in the United States, because the United States banks are the first to receive monies and then those monies are recycled.

Senator **Nunn**. What about help within Colombia? What kind of view do you have about the role of the American military in Colombia? Do you think that having people there who are helping to train will be helpful? Do you think there should be a line drawn as to what the U.S. military does in Colombia? How will that affect the Government's own popularity and support within the country?

Mr. **Castillo**. I really don't have any grounds to be able to reach judgment on that. I have been out of Colombia now for a year and a half, but my journalistic sense would tell me that direct military intervention in Colombia would be very poorly received, and it would exacerbate nationalist feelings, which is hard to understand if you take into account the true dimensions of the drug traffic, because those dimensions are international. They are world-wide in scale.

But some sort of cooperation in investigative endeavors might be better received. These investigative endeavors have been described in detail during this session, and I think that that would be a very valid, useful way to help Colombia in this war decreed by President Barco against the Mafia in Colombia.

Senator NUNN. Prime Minister Manley in Jamaica has suggested an inter-American drug squad that would not be composed of U.S. military force, but rather police forces, well trained anti-narcotic forces from various countries in Latin America. How would you view that kind of international force in terms of possible assistance in Colombia, or a country like Colombia in the future?

Mr. CASTILLO. I think that that would be an ideal solution, even though I cannot see why the U.S. Army would be excluded from a Latin American drug force if—after all, the United States is one of the most affected countries and consequently it is very mindful of the problems caused by drug trafficking. I think that that force that could be similar to the Blue Helmets of the United Nations, but in a more active sense of intervention in the counties directly affected by drug trafficking could be a very good solution. We now see the expansion of laboratories, traffickers are now going into Brazil and Ecuadorians are now getting involved in drug trafficking, and more and more we see that Chile and Argentina are being used as trans-shipment or as drug trafficking points.

Senator NUNN. So there would be a distinction in your mind between U.S. military forces and a Latin American group?

Mr. CASTILLO. I am sorry, what did you say sir.

Senator NUNN. So there would be a real distinction between intervention by U.S. forces in Colombia, which you believe would be detrimental if we put our forces in alone, and what you would conceive to be a positive step if we were joined with a truly inter-American group?

Mr. CASTILLO. A force made up of military troops from all the affected countries by drug trafficking, including the United States.

Senator NUNN. You would see that as positive?

Mr. CASTILLO. Yes, completely so, and definitely so.

Senator NUNN. Do you have any specific information on who carries out assassinations for the cartels, both in Colombia and elsewhere?

Mr. CASTILLO. Well, there are organizations made up of hit men or paid assassins that are organized by the bosses of each cartel, and generally they are made up of low income people who live in the poorer sectors of Cali and Medellin, basically. These people are trained in training camps that are especially equipped for this purpose. They have been trained by the mercenaries that have been named previously.

But I would not be able to supply you with names. What is said commonly is that the killings or assassinations of famous people, people like Lara Bonilla, Guillermo Cano, and some workers that have been killed in the north of Colombia always are linked to Rodriguez-Gacha and Escobar.

Senator NUNN. Do you believe that their reach, as far as carrying out assassinations, comes as far as this country? For instance, do you feel that you are beyond their reach when you are in this country?

Mr. CASTILLO. No, I don't live here.

Senator NUNN. Well, do you believe that they have the capability of retaliating and assassinating in this country, in the United States?

Mr. CASTILLO. Yes, I think so, sir.

Senator NUNN. Thank you very much for your testimony.

Senator Roth?

Senator ROTH [presiding]. Thank you, Mr. Chairman. I would like to go back briefly to the two cartels. Most people seem to think that the Cali cartel is number 2, but there are others who believe that if it is not the more important, that it will ultimately emerge as the most significant cartel.

Would you comment on how you see the relative importance and strength of these two cartels?

Mr. CASTILLO. Yes, sir. Violence has made the Medellin cartel more well known in Colombia and the world, but the Cali cartel, in turn, has worked towards a greater public relations effort and so they are inviting the members of the 2 main Colombian political parties, the Liberal and Conservative Party, to be members of their board and to chair a bank that they own, and they offered them many benefits. That is to say, the Cali cartel works in a more intelligent manner, which has allowed them to involve more people and have a more effective integration into society.

They have gotten involved in all economic sectors, in all political, social and judicial activities of the country and they are, in a way, practically undetected. I have read here in information published in the U.S. press which singles out the Medellin cartel as the exclusive guilty party, when I feel that this is not the case. The Medellin cartel and the Cali catel are equally guilty.

Senator ROTH. As you well know, there has been considerable coverage of the activities of these cartels in the U.S. and foreign media. You have stated in your testimony that the press at home has been, of course, intimidated and terrorized by the activities of the cartel.

What impact, if any, does the American or foreign media have on the cartel, or do they just ignore it, ignore the press?

Mr. CASTILLO. No, I think that the media have a definite impact. The independent action and the truly investigative action of the U.S. press vis-a-vis the drug cartels in Colombia has been very important. They should focus more on the bosses of the cocaine distribution networks in the United States.

The press is reporting on the locations of estates and assets of the drug trafficking cartel members, so there is a new dimension to the freedom of the press in Colombia, but this may change.

The action has to be followed by steps taken by the Government, otherwise there will be another set back.

Senator ROTH. In your book you discuss the influence of the drug traffickers on professional sports in Colombia, particularly on soccer. You said in your book that the trafficker's involvement serves two purposes; one, it gains the support of the fans; and two, the traffickers can launder money through the professional teams.

How widespread is the drug traffickers' involvement in professional sports?

Mr. CASTILLO. Speaking about soccer, I would say that it is pervasive. And I would say that it is practically all encompassing, and not only in Colombia. In Argentina I hear that there is a team which is owned by the Rodriguez brothers and that an international network has been set up to swap players in such a way that they are laundering money internationally. In doing so they are arousing rivalry in sports between teams, and as well as accomplishing their objective of laundering money and furthering their drug trafficking objectives.

Senator ROTH. Would you care to identify the soccer team owned by the cartel, the Rodriguez brothers?

Mr. CASTILLO. From Argentina? In Colombia, the team is called America de Cali? In Argentina, I am sorry, but unfortunately I don't have the name. I don't remember the name, but it is a team belonging to the second division. It is very well known, but I have never been a sports fan.

Senator ROTH. I take it that their influence is also extensive in cycling and car racing; is that correct?

Mr. CASTILLO. In car racing, their influence virtually ended in racing when Carlos Covar Avelia and Cochia Londono started racing, because they were using racing cars to transport drugs to the United States. This led to confrontation between some of the car racers. Some of them were killed, and some people were jailed in Colombia for drug activities. So there is no more car racing in Colombia.

Now, with regard to bicycle racing, the Coffee Association decided to take control of the Insignia, now so the drug traffickers' involvement in bicycling is a thing of the past now.

Senator ROTH. Some years ago the U.S. Government required that cash transactions of more than $10,000 be reported. This was taken as a step to help control money laundering.

Do you think this step created a significant obstacle to money laundering, or was it an effective act?

Mr. CASTILLO. I don't think that it has been especially well applied. The fact is that the proceeds of drug trafficking continue to be deposited in U.S. banks and from there go to Panama and other fiscal havens. It is well known that drug traffickers withdraw money in cash from a bank in Panama, so we must do a lot more in regard to the Panamanian situation.

Senator ROTH. I have just a few more questions. You described to the staff an incident in 1984 after the assassination of the Justice Minister in which members of the Colombian Government sent representatives to meet with the narcotic traffickers in Panama.

Was the Colombian Government serious about negotiating at that time, and if so, what do you think they were seeking to negotiate?

Mr. CASTILLO. I think that at the time the Government had the resolve to negotiate with drug traffickers in exchange for the offer that was made. The offer was not to pay the foreign debt, it was to dismantle the main drug trafficking rings and to destroy their fields and labs.

This offer was not sincere. As was reported in a book written at the same time that this meeting was being held in Panama, in Panama proper Jorge Ochoa and some members of his group were setting up or organizing a laboratory in the jungles of Panama in order to process narcotics. So it is clear there was no substance to their offer of dismantling the drug trafficking networks.

But this meeting that you mentioned was attended by the Attorney General of Colombia, Carlos Jimenez. The initial contact was made through a former president of Colombia whose name is Alfonso Lopez. And the evidence of the Colombian government's genuine will to negotiate with them, comes from a letter signed by the ex-president of the republic himself, Alfonso Lopez, in which he stated that he had made contact with a minister of the Betancur administration to communicate to him the offer which was made by the drug traffickers.

This meeting also is important for another reason. And that is in connection with the periodic peace offers that the traffickers make. This meeting in Panama was held after the assassination of Minister Lara Bonilla, after the killing of Don Guillermo Cano, and there was also a peace proposal made, and now with the assassination of Carlos Galan, a similar peace offer has been issued by the Ochoa clan. So this is a systematic tactic that they use.

Senator ROTH. But you don't think that they are sincere about it?

Mr. CASTILLO. I think that the evidence points in the other direction. Their only weapon is violence and their only aspiration is to undermine the oldest democracy in Latin America.

Senator ROTH. Will the Government in Colombia be able to continue its present crackdown?

Mr. CASTILLO. Until and unless one or all of leaders of the cartels are arrested, there is not a true offensive against drug traffic in Colombia. What is happening now is that unprotected people are being attacked by criminals who want to frighten the Government by assassinating public figures.

How long can Colombia withstand the pressure? This is truly something that I cannot predict but this is the time when Colombia needs all of your support, and the support of the world, to be able to pull through these difficult times and put an end to this scourge that is destroying our nation and neighboring countries.

Senator ROTH. And with that help, do you think the cartels can be defeated?

Mr. CASTILLO. Yes. You overestimate their intelligence and their true capacity. They are criminals, they are run of the mill murderers, and it is not something like the Cosa Nostra. They are more basic. They are ordinary men that work only because of greed and the desire for profit. I think that they can be destroyed through their desire to amass large amounts of money.

Senator ROTH. Well, Mr. Castillo, we again thank you for appearing here today. Your testimony has indeed been very interesting and we applaud your courage and efforts.

Thank you very much.

Mr. CASTILLO. Thank you very much.

Senator ROTH. The Structure of International Drug Cartels exhibit list will be included as part of the record.

The Subcommittee is in recess subject to the call of the chairman.

[Whereupon, at 1:30 p.m., the Subcommittee recessed subject to the call of the chair.]

STRUCTURE OF INTERNATIONAL DRUG TRAFFICKING ORGANIZATIONS

WEDNESDAY, SEPTEMBER 13, 1989

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 9:45 a.m., in room SD-342, Dirksen Senate Office Building, the Hon. Sam Nunn, Chairman of the Subcommittee, presiding.

Present: Senators Nunn, Roth, Levin, Lieberman, and Cohen.

Staff Present: Eleanore J. Hill, Chief Counsel, Mary D. Robertson, Chief Clerk, Kim Wherry, Counsel, Leonard A. Willis, Investigator, Harold B. Lippman, Investigator, Daniel F. Rinzel, Minority Chief Counsel, Stephen Levin, Minority Counsel, Mary K. Vinson, Minority Investigator, Sallie Cribbs, Minority Executive Assistant to Chief Counsel, Carla Martin, Minority Assistant Chief Clerk, David Fonkalsrud, Minority Staff Assistant, Janet Rehnquist, Minority Counsel, Aaron Bayer [Senator Lieberman], Robert Franklin [Senator Pryor], Chris Mellon [Senator Cohen], Eric Whitaker, [Senator Rudman], Kim Corthell [Senator Cohen], Anne Lewis [Senator Levin], and Ellice Halpren Barnes [Senator Stevens].

OPENING STATEMENT OF SENATOR NUNN

Senator NUNN. The Subcommittee will come to order.

We are waiting now for the interpreters. We will have simultaneous translation available today since our witness will be speaking in Spanish this morning. We do not have the interpreters here yet, but I am going to start the hearing this morning.

We had a very interesting day of testimony yesterday and we have today some witnesses that I think will have some things to say that will be of interest and assistance to this Subcommittee and to the Congress in evaluating this cartel problem and our response to it.

Senator Roth, again I commend you and your staff for taking the initiative in this set of hearings. We have been very pleased to work with you and I know you have an opening statement, so in the interest of time we will go ahead with Senator Roth's opening statement and then we will start with the witnesses as soon as our interpreters get here.

I would ask staff to check and make sure they are on the way.

I understand that we now have an interpreter who has arrived. So Senator Roth, why don't you go ahead with your opening statement.

OPENING STATEMENT OF SENATOR ROTH

Senator Roth. Thank you, Mr. Chairman. Again, I appreciate your continued leadership and commitment on these important hearings on the structure and operations of international narcotics trafficking organizations.

Although we had a rather long day yesterday, we heard some important witnesses and advanced our understanding of the status of our efforts to fight the war on drugs. Today we will hear testimony first hand from the inside of the drug trafficking organizations.

Our first witness is in the witness protection program and has never before spoken in public about his work for the cartel. He was a member of the M-19 guerrilla organization in Colombia and on the instructions of the M-19 he infiltrated a paramilitary group. He knows a lot about how drug cartels took over these paramilitary groups and began using them as their own private armed assassins. He witnessed and participated in merciless executions of innocent civilians ordered by Gonzalez Rodriguez-Gacha. He fled Colombia earlier this year.

Our second witness, David Wheeler, will provide a first-hand account of the developing sophistication of cocaine smuggling operations in Bolivia. With all the media and law enforcement attention focused on the Colombian narcotics trafficking organizations, we should keep in mind the potential importance of other countries such as Bolivia in cocaine production and distribution.

Bolivia no longer operates merely as a producer of raw materials for the Colombian cartels. It still performs that function, but the largest Bolivian narcotics groups have developed their own top to bottom production systems and employ hundreds of people. Mr. Wheeler will give us a first-hand account of the extent of the cocaine operations in Bolivia.

As I said yesterday, we must think smart on the war on drugs. We cannot disrupt and dismantle the cartels in Colombia only to have them move their operations to some other country or allow home grown Bolivian traffickers to take the place of the Colombians.

The testimony of today's witnesses graphically portray the strength and power of the cocaine cartels and forcefully demonstrate that we must change our strategy in the war on drugs. We can take no comfort in the seizure and arrest statistics of law enforcement agencies, impressive though they may be. We will be simply shadow boxing until we implement a long term intelligence strategy that can dismantle these operations piece by piece.

To this end, I believe we need a National Strategic Intelligence Center, and we need it now, not next year. I intend to introduce a bill to create such a center.

The principal mission of the center will be to create a central data base that pools information contained in the paper files and data bases of the Federal law enforcement agencies. All appropriate law enforcement intelligence agencies should participate in this center. Although they may have differed on the details, all of the witnesses who testified yesterday supported the concept of such a center, and I hope my Senate colleagues will do as well.

Thank you, Mr. Chairman.

Senator NUNN. Thank you very much, Senator Roth.

Our first witness this morning is Mr. Diego Viafara Salinas, who is the witness under the Government Witness Protection Program that Senator Roth alluded to. For reasons of his personal safety, Mr. Viafara will be testifying this morning from behind a screen. No cameras will be allowed to photograph Mr. Viafara from the area in front of the screen.

It is my understanding that members of the media have already been advised as to those locations where cameras will or will not be allowed during the Mr. Viafara's testimony in order to maintain security.

Mr. Viafara, we swear in all the witnesses before this Subcommittee. I am going to ask you to remain seated while I administer the oath.

Do you understand that you will be swearing to tell the truth, the whole truth and nothing but the truth before this Subcommittee? Do you understand the nature of the oath?

Mr. VIAFARA. Yes, sir.

Senator NUNN. I will ask you to raise your right hand while you remain seated.

Do you swear the testimony you give before this Subcommittee will be the truth, the whole truth, and nothing but the truth so help you god?

Mr. VIAFARA. I swear.

Senator NUNN. I would like for you to proceed and give your statement, Mr. Viafara. Take your time. You have got water there in front of you, we are not in any hurry this morning. We would like for you to give your entire statement. We are interested in your testimony and, again, we appreciate you being here. So why don't you proceed with your statement and we will have questions at the conclusion of your statement.

TESTIMONY OF DIEGO VIAFARA SALINAS, A PROTECTED WITNESS

Mr. VIAFARA. Good morning. I greet the authorities present here and the public in general.

My name is Diego Viafara Salinas. I am a Colombian citizen and I was born on January 1, 1955, in the municipality of Jamundi in the Department of Valle in a small town outside of Cali. I recently fled Colombia after defecting from a narco-paramilitary organization, of which I was a member for almost 6 years. I am currently under Federal protection, trying to learn English and start a new life in the United States.

During my high school years in Jamundi, I became involved with student activities in groups called "student welfare committees." The basic goal of these groups was to advocate political, social and agricultural reform. We marched, we had political rallies and even burned buses and threw rocks at policemen. At that time in Colombia, the subversive left was quite fashionable. We looked to the M-

19 and other guerrilla groups as models to emulate. I later learned that these so-called social committees or student welfare committees were actually controlled by the insurgents, M-19.

In college I became involved with some subversive activities, to the extent that my studies were often interrupted by enforced periods of hiding. Nonetheless, I completed between 4 and 5 years of university studies in medicine, but I never received my degree, and consequently I was never licensed to practice as a physician.

In 1983, I was living in the city of Bucaramanga, Colombia. At that time, that was a stronghold of the members of the insurgency. We had information that there were armed civilian groups working in coordination with the military against guerrillas in the Middle Magdalena Valley in Colombia. I was instructed to infiltrate these armed groups so that our guerrillas, our insurgency could better defend itself. I was following the orders of a physician, Dr. Carlos Toledo-Plata.

The plan involved five people in two separate operations. My plan was for me and two colleagues to go to the Middle Magdalena and accept the amnesty offered to guerrillas at that time.

There were five of us, I repeat. Later on we had two separate operations. We had information that the Army was turning over amnestied guerrillas to these armed paramilitary groups. As it turned out, that was exactly what happened to me, although they decided to kill my two colleagues who had penetrated the group. I guess they thought that since I was a medic I could be more useful to them alive.

On December 29, 1983 I was taken by Army Captain Estanislao Caicedo from the Barbula Battalion of Puerto Boyaca and turned over to members of a paramilitary group in the city of Puerto Boyaca. One of the first members I met was a man named Henry de Jesus Perez. I ended up staying with this paramilitary organization for 6 years, working directly for Henry Perez and his men. Henry is the son of Gonzalo Perez, who is a very important person in the Middle Magdalena region.

I soon discovered that this group was made up of cattlemen, farmers and peasants in the region who have banded together because they were tired of being extorted and terrorized by guerrilla groups. Gonzalo Perez had been a leader in the armed agrarian movement for years before it became allied with the narcotics traffickers, and he was committed to fighting the guerrillas with whatever means required.

I want to underscore that our group had nothing to do with narcotics traffickers in 1981, although there were plenty of estates owned by narcotics traffickers in the area. This was often misconstrued, because in December 1981, the narcotics traffickers, themselves, formed a paramilitary wing to fight the guerrillas and called it MAS, or death to kidnapers.

I learned that the armed civilians in Puerto Boyaca called themselves "the group," or "the organization," but never "MAS" at that time. I would estimate that the group—the paramilitary group—had something like 500 armed men at that time. In 1984, with my help, a front organization called the Association of Farmers and Ranchers of the Middle Magdalena was created. The acronym in Spanish is ACDEGAM.

Under this association the paramilitary organization was organized, operated and funded. The funds were provided by farmers and ranchers. The Association did have a legitimate side. I ran a pharmacy and offered general health care to the peasants in the Middle Magdalena region and other regions of Colombia. I worked as a paramedic, pharmacist and physician in the central office of ACDEGAM.

As far as I was aware, the unification of the narcotics traffickers and the cattlemen's association occurred in 1985. I personally became aware of it because of an incident which occurred involving a police detachment which detained a cargo vehicle carrying three men and a shipment of cocaine. The vehicle was traveling from the Hacienda Suiza, the Suiza farm owned by Jairo Correa and Francisco Barbosa, to Hacienda Napoles, owned by Pablo Escobar.

The cattlemen's association was asked to get involved in the recapture of the men, vehicle, and cocaine, and I was summoned to Gonzalo Perez's home to give medical attention to those wounded in the recapture. Twenty or 30 days after this incident, 30 men from the cattlemen's association were assigned to guard the cocaine laboratory at the Hacienda Suiza. Thus began the merger of the two groups. It later became routine for groups of patrolmen from our organization to be dispatched to various locations to protect a laboratory, a stash, clandestine airstrips or other interests of the organization.

By 1985, I was responsible for carrying out any order given to me by Henry Perez, the leader of the paramilitary group in Colombia. Henry Perez worked principally for Jose Gonzalo Rodriguez Gacha. At this point, the civilian paramilitary group was providing security to all the drug labs owned by traffickers in the region. I saw many of the labs because as a medic I was constantly traveling to those sites dispensing medicine, giving injections and attending to general sanitation to avoid epidemics. In traveling to those locations, I was often riding on or surrounded by bags containing tremendous amounts of dollars or cocaine.

After the merger of the cattlemen's association and the narcotics traffickers, the organization grew in size and strength. One of the goals of the organization was to gather not only economic, but also political power in the region. The drug traffickers in the Middle Magdalena invested money heavily in the elections of mayors, and consequently mayors were elected in Puerto Boyaca, Puerto Triunfo, Puerto Nare, Puerto Berrio, Puerto Parra, Cimitara, and La Dorada. All of these areas are in the Middle Magdalena. The organization also sponsored the mayor of Pacho, the home town of Gonzalo Rodriguez Gacha, and the mayor of San Vicente del Caguan Monteria, Cordoba. These mayors were practically members of the organization.

The organization also has vast international contacts in Mexico, Central America, the Caribbean and Cuba. I remember when two pilots flying a Commander 1000 aircraft were planning to stop and refuel in Cuba. They were leaving from an estate, a farm called El Martillo, in the Department of Cordoba, on November 22, 1988. When the seats of the plane were removed to load the cocaine, I saw the navigation charts, which indicated they were flying over the southern coast of Cuba. These pilots commented that they had to be sure to carry some amount of U.S. dollars with them to leave in Cuba as prearranged payment for the stopover. Although names of the Cuban associates were never revealed to me I did hear once that it was all the way up to Fidel Castro via his spokesman.

Another important international associate of the organization is the Republic of Panama. In December 1988, I personally witnessed the receipt by the organization of thousands of AK-47s, AR-15 rifles and M-60 machine guns from Panama.

I mentioned that, as a medic, I traveled to many of the farms belonging to the organization. One such site is located in the Yari region in the eastern plains, of Colombia and it is called El Recreo. It had three separate encampments, including a luxurious house which the bosses used for their summits or their big meetings. I was present more than once when Gonzalo Rodriguez Gacha, Fabio Ochoa Vasquez, Pablo Escobar, Jairo Correa, Fidel Castano, Cesar Cura, Henry Perez, Nelson Lesmes, Francisco Barbosa and/or their representatives gathered there.

Life in this organization could be, and usually was, quite brutal. I was present when many tortures and executions were carried out. I saw people sawed up, bit by bit, with a chain saw, and I saw women tortured, pregnant women, even. Other people were cut up into small pieces and dumped into the river after their execution so that no trace would be found of the bodies. On several occasions I took part in wholesale slaughters of supporters of leftist sympathizers, workers and peasants. This isn't something I am proud of, but in an organization it is a matter of survival, kill or be killed.

In addition to the killings carried out by the paramilitary groups, there are dozens of other independent assassin gangs. These assassins are simply hired guns who will kill for anyone who can pay the price. The gangs are typically made up of boys between the ages of 15 and 25, many of them already have 50 to 100 killings to their name. Each gang has its own name, such as Los Priscos, the Orphans, the Smurfs, the Magnificents, the Special Group, and the Nachos.

These were people that I often tended to as a medic, and I shared quite a bit of time with them. During this period I became pretty well acquainted with Jose Gonzalo Rodriguez Gacha, who we used to call Don Andres. We never called him El Mejicano. I personally played soccer with him for recreation. Gacha was always very nice to me and he always gave me money, helping me out. He never carried a weapon.

He also advised me quite often to stop drinking, because I was drinking heavily at the time. However, I also saw the other side of him when ordering or planning assassinations. Gacha was fanatical about eliminating all left wing politicians and those belonging to subversive groups in Colombia. Henry Perez followed Gacha's orders and carried out these assassinations, but Gacha always was the person who paid or who approved these assassinations. Gacha would frequently take more than passing interest in the assassinations and would specify exactly how he wanted a given person to be killed. From what I could see, Gacha was the top international drug trafficker in Colombia at the time. I even saw him give orders to Pablo Escobar once in a while.

General training for the organization was conducted in two camps; one in Puerto Boyaca called Escuela Almagher Cincuenta—"Men of War number 50"—and one camp in Putamayo called Rescate. There were special advanced training courses that were led by British and Israeli instructors. There were also retired Colombian police and military instructors at both schools. These people were Colombians.

I personally attended several of these courses in 1988, and also taught a section on first-aid. There were about 50 to 80 students in each course. The courses were held every 6 months, after 1988, and they lasted between 45 to 60 days. They covered a variety of paramilitary subjects. The schools were run like boot camps; up at 5 a.m., total silence from 6 p.m. until the next morning.

The second week in January of 1989, I was told to report to El Recreo farm. I was transported there by airplane. When I arrived, there was some kind of a summit meeting going on with Rodriguez Gacha, Fabio Ochoa, a representative for Pablo Escobar named John, Nelson Lesmes, Victor Carranza and Leonides Vargas, plus about 30 other powerful persons whom I did not know.

This meeting was to discuss the need for increased security at laboratories, as well as how to increase cocaine production. They also discussed plans to reactivate Tranquilandia, a major lab complex seized by the Government of Colombia in 1984.

A second meeting was held between Gacha and a smaller group of about five people in order to discuss the need to purge the organization of untrustworthy people. This caused me to worry about my own security, because I knew that I was being watched carefully because of my previous affiliation with the M–19 movement and because I allegedly had used drugs in a camp.

A short time later, they took away my weapon and gave me an older one, which was less serviceable. I had seen countless times that people were not allowed to retire from the organization, so I decided I had to escape. I managed to escape to Bogota where I went to the offices of the newspaper El Espectador. I picked El Espectador because I knew that the organization had infiltrators in the other Bogota newspapers like La Prensa and El Tiempo, and I also knew that El Espectador opposed drug trafficking.

The editors convinced me to tell my story for the Colombian security organization, which I did. Because of the information I gave them, laboratories were raided and several people were arrested, including, later on, Freddy Rodriguez, Gacha's son. Later the Administrative Security Department, known as the DAS, arranged my exit from Colombia and my entry into your country where I currently reside. I will gladly answer any questions you may have.

Thank you.

Senator NUNN. Thank you, Mr. Viafara, I will turn to Senator Roth for the first questions.

Senator ROTH. Thank you, Mr. Chairman.

In your testimony, you discussed the camps at which the paramilitary forces were trained. Specifically what subjects were taught at these camps?

Mr. VIAFARA. At these camps they taught combat techniques, patrol techniques, martial arts, first-aid, general teaching on arms, explosives preparation, and techniques with different explosives. They had lectures, and, later on, practical exercises in the area.

They also had escort courses, raid courses and kidnaping courses. These were the fields covered, generally speaking, in these schools.

In the special courses, they included mapping courses, they taught people how to read a compass, and they also had intelligence and counter-intelligence courses.

Senator ROTH. What types of explosives were used?

Mr. VIAFARA. The explosives we used in training were TNT, dynamite, C-4 composition, ampho, and other home produced or home made explosives that we would make there. But the basic ones were TNT and C-4 composition. We would also use detonators.

Senator ROTH. Do you know of any instances in which the car bomb techniques were utilized by the paramilitary forces?

Mr. VIAFARA. Yes, of course. I learned how to make car bombs. You could use remote control detonators or time devices, and just by merely pressing a button you could explode one of these bombs. Very often you would place a vehicle with a bomb near—or a vehicle that you targeted would go by and you would have, therefore, a time device to explode the bomb, or you would put a car in a certain place so that when the vehicle went by it would explode.

You would also use a clock device, so after some minutes or seconds the device would explode. The use of these charges was taught by mercenary instructors like the English and the Israelis.

Senator ROTH. Well, I would like you to watch a videotape and then I will ask you some questions about it.[1]

[Video presentation]

Senator ROTH. Were you present when the first part of this videotape, of the paramilitary training was made?

Mr. VIAFARA. Yes, sir.

Senator ROTH. Where was this videotape shot?

Mr. VIAFARA. The videotape at the beginning was filmed in a place called San Vito on the banks of the Magdalena River.

Senator ROTH. Why was this videotape shot?

Mr. VIAFARA. This video was filmed so that other patrolmen who were not able to attend the courses given by these instructors would have an opportunity to watch the film and learn something. This film was done by a colleague called Douglas Labrador, and he was instructed by Henry Perez to do so. Douglas worked in the office where we had the computer—where the organization had the computer—to keep track of all the payments that were made for the patrol people.

Senator ROTH. Now, do you recognize any of the Israeli instructors shown in the first part of this videotape?

Mr. VIAFARA. Yes, of course. I lived with them. There is Klein and Teddy. I lived with them during the courses.

Senator ROTH. You have been shown pictures of Yair Klein, who is head of the Israeli company which provided security training in Colombia.

Is he the instructor you knew as Yair?

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[1] Exhibit 22. Retained in Subcommittee files.

Mr. VIAFARA. If you show me a picture or the film, I will point him out to you.

Senator ROTH. We will wait a minute so that they can show that to you.

While we are waiting for that, let me ask you, do you recognize any of the British mercenaries shown in the second part of this videotape?

Mr. VIAFARA. Yes, of course. I recognize them also, because I had them in a course in the Putamayo region. Here you see Yair Klein. He is a colonel. He is wearing the dark blue T-shirt. He is called "the Fat one." The person behind him wearing a light blue shirt, the skinny one, is Teddy. He acted as the interpreter. This was filmed in the Almagher number 50 school in Santander. This is where the first course was held and this is where it was filmed.

It could be that you will be able to spot me in the footage, because I was close to the scene there.

Senator ROTH. Do you recognize any of the Colombians shown in this videotape?

Mr. VIAFARA. Yes, sir. All the patrol people, this is Adolfo Vaquero. This young fellow, I also know. I know them all, because when the course started I had to make an index card on all of them and give them a medical examination before the beginning of the course.

Senator ROTH. Did Rodriguez Gacha give you and the other Colombians at the camps any special instructions about what you could or could not say to the foreign instructors?

Mr. VIAFARA. Yes. Before the course began there were some conversations with Henry and Don Andres, meaning Gonzalo Rodriguez Gacha. So with them, conversations were held in which it was said that under no circumstance should we reveal that the organization had anything to do with drugs and labs. We should not say this in front of the instructors, and we should try our best so that none of the young people would say a word regarding drugs or labs before these people.

They were very explicit in telling me, personally, to be aware of this. And the chief or commander of the Almagher school, Marceliano Palacio, was the director at the time, and the commander of the group of students, a fellow named Bercho, told Pastor and I to make sure that the instructors would not realize that they were training paramilitary groups that were involved in drug trafficking.

Senator ROTH. Do you know if any of the foreign instructors ever met personally with Rodriguez Gacha?

Mr. VIAFARA. Yes, of course. They met at Fantasy Island, La Isle de la Fantasia. They met with Gacha, with Perez, and Nelson Lesmes. All the instructors were gathered there at one point. There they agreed on the guidelines for the course and other matters related to the course.

Senator ROTH. Now, going back again to the videotape, who is shown driving the jeep?

Mr. VIAFARA. This jeep, four door jeep, is driven by—possibly, I say—Freddy Rodriguez Celadez, the son of Jose Gonzalo Rodriguez Gacha.

I would like for you to see the second shot. Here he is shown driving another vehicle, and there is somebody shooting from one of the windows. From over here, the person shooting here whose back you see, from the right side window, is Freddy. I can tell you without any doubt that this is the son of Gonzalo Rodriguez Gacha. He attended the first course, and the third course he attended together with me. He was one of the best students of the course and he assimilated very well the teachings of the instructors. The instructors knew that he was Gacha's son.

Senator ROTH. Do you recognize one of the two men entering the door?

Mr. VIAFARA. Yes.

Senator ROTH. Who are they, what gang are they with?

Mr. VIAFARA. Of the two patrolmen on the right, the smaller, shorter man, is Carlos Alberto Perez. We called him El Pitufo, the smurf. He is part of the Smurf gang. He is a former guerrilla member of the FARC and EP and later he left that group and joined the paramilitary group.

The other man, I can't remember his name, but I do know him. The house where the demonstration is being carried out is in San Vito, which is a small municipality in Santander. It belongs to Gonzalo Perez.

This small village was chosen for this demonstration because we know people there well and all of them belong to the organization or support it.

Senator ROTH. Now, how many British and how many Israeli instructors were there?

Mr. VIAFARA. There were five Israeli instructors. I remember the names Zadaka, Amancia, Yair, and Teddy, but I don't remember the name of the fifth instructor. But I did attend courses with the five.

The British instructors were 11, 12 because there was an interpreter with them. Their names were—for example, we called him—the man on the screen—David. He was their explosives expert and he taught us about explosives.

The commander of the British was Peter, a colonel, a fat man, a retired colonel from the British Army. David was the number 2 man among the British. Other British instructors were named Gordon and Alex. The interpreter was a retired military man from the Colombian Army and his name was Jorge. He worked very closely with them.

Senator ROTH. Did the Israelis know they were dealing with Rodriguez Gacha?

Mr. VIAFARA. It is possible that they did know. They dealt with him personally, but what I cannot tell you is if they knew what type of person he was. But they did deal directly with them and he paid them directly. He paid them for training us.

Senator ROTH. Is there anyone in Colombia who does not know Gacha is involved in drug trafficking?

Mr. VIAFARA. In Colombia, the people who don't know that Gacha is involved in drug trafficking are either blind or deaf. But in the Middle Magdalena River Valley, for example, and in the other areas where the organization has interests, it is quite frequent for people to see Gacha, and he roams around freely. Often authorities, instead of arresting him, provide him with protection.

Senator Roth. Do you believe that these foreign instructors knew they were training paramilitary forces for the drug traffickers?

Mr. Viafara. It is possible that at the outset when they were hired they might not have known that these were forces working for drug traffickers. Perhaps they were working in good faith and they went to Colombia thinking that they were going to train peasants.

But I think that once they got to the region, once they entered into contact with us, they had to realize that we weren't peasants. For example, Teddy was able to see quite clearly that Diego Viafara wasn't a peasant. Teddy was concretely able to realize that Freddy Rodriguez Celadez wasn't a peasant. They were able to realize this especially because of the fact that anything that they needed was brought to them; anything they needed was made available to them; that this organization had economic resources at its disposal; they had anything they needed for their courses.

So had this group been made up of peasants, it wouldn't have had resources to be able to put these courses on as they were given. They were very sophisticated courses and they cost millions and millions of Colombian pesos.

Senator Roth. Did the British and Israeli instructors work together as instructors in the training camps?

Mr. Viafara. Never. The first courses that we gave in the region were given by Israeli instructors. In 1988, three courses were given by Israelis. Subsequently, that same year, one course was given by the British, but it was a separate one, so there was never contact between the English and the Israelis; their courses were given separately.

Senator Roth. Specifically what were your responsibilities at these camps?

Mr. Viafara. My responsibilities? You asked me about my responsibilities?

Senator Roth. Yes.

Mr. Viafara. My responsibilities in these camps were to be the general sanitation officer. I had to take care of their health, the health of the patrolmen, of the people living on the bases. I had to care for both health, sanitation, and the environment in the camp areas and in the laboratory areas. Then also, my services were extended to cover the civilian population around the area of influence of our operations.

So that was the scope of my work and they trusted me, because I was the only medic that they had assigned to these duties. To avoid there being any reaction on the part of the people living in the area of influence, they had major health campaigns, which I designed and prepared, and we would engage in these efforts in areas where the organization had interests.

So I covered all these areas, the Middle Magdalena River Valley, also in the Putamayo, on the Caribbean coast, in Cordoba and in the llanos orientales, the eastern plains of Colombia.

Senator Roth. Did the Colombian Army battalion which was located in the area near these training camps know about these foreign instructors? If so, did they say or do anything about this?

Mr. Viafara. The Barbula Battalion, which is stationed in Boyaca, has been an accomplice of the organization for the 6 years that I was in the area. When the courses were given, for example, some rifles needed—FAL rifles or G-3s—for the course were provided by Barbula Battalion. A mortar that was needed for practice during the course was also given to the organization by the Barbula Battalion.

Ammunition, too, was provided by the Barbula Battalion. I hope you will believe me, because what I am telling you is the truth; it is real. The commanders and some officers of the Barbula Battalion working with the organization for many years, perhaps back to 1983, from 1983 until late 1988 when I was there. I saw them. I was there shoulder to shoulder with them, and they were direct accomplices of the narco-military organization.

For example, they had radio communications directly with the organization. The Barbula Battalion commander communicated directly via radio with anyone in the organization; Henry Perez, any of them. And also, they carried out patrols working directly with the Barbula Battalion members and members of our organization. Many peasants, many labor union members were assassinated with the complicity of the Barbula Battalion.

If you remember from my statement, for example, it was the Barbula Battalion that turned me over to the paramilitary groups. Just as they turned me over, they turned other friends over, too. They were guerrilla members and they were assassinated one way or another.

So I am alive basically because I am lucky, I guess. Otherwise, I don't know why I am still alive. But the Barbula Battalion and other Army battalions in Colombia know that in the areas they control there are narco-trafficker interests, but they receive favors or privileges from the organization and so they prefer to look the other way.

That is a reality; that is something that is real; I am not making it up. In my country, this is evident and it is obvious day by day. I personally witnessed this and I gave them, under orders of the organization, large amounts of money. I would turn over money to the commander of a police post or an Army command. This was money paid by the organization to them for them to look the other way in view of the unlawful activities of the organization.

Senator Roth. You personally gave money to Army commanders?

Mr. Viafara. Just as I said, I personally, in 1988, went with Major Gavino, who has ties with the organization, and I distributed something like 23 million pesos in the area of Cordoba to the commander of police, and Portes Cordillo, the commander of the police in Careleta Cordoba, the police commander in Monteria, a member of the Army stationed in Monteria, a member of DAS, stationed in Monteria, also others in Calcacia and Planetarica.

I personally accompanied Major Gavino and turned over to each of them money. This was something like a quota, a monthly quota or fee, paid by the organization to buy their silence in terms of their not reporting a secret airstrip in El Asio in Cordoba from where cocaine was flown to the United States.

Senator Roth. My time is up. Thank you, Mr. Chairman.

Senator NUNN. Thank you, Senator Roth. Mr. Viafara, I just have a few questions.

You were originally a member of the M-19 organization, the leftist group, is that right?

Mr. VIAFARA. I was a sympathizer of M-19 and I engaged in penetration under the orders of Carlos Toledo-Plata.

Senator NUNN. Did M-19 have any contact themselves with drug dealing when you were affiliated with them? Were they engaged in drug trafficking?

Mr. VIAFARA. I actually could not say because I am not acquainted with what may have happened following my penetration because I distanced myself. While I was engaged in this penetration, I would say no, not that I know of.

Senator NUNN. When you were working with the narco-military organization, did you still give information to M-19? Were you working for M-19 during that time?

Mr. VIAFARA. Yes. I had penetrated the organization so as to be able to report back to Carlos Toledo-Plata. However, there had been problems with the penetration plan because at the beginning of the penetration, a year or 2 after I was able to penetrate in Puerto Boyaca, my contact, Dr. Carlos Toledo-Plata, was assassinated, precisely by members of the organization, the paramilitary organization, that I had joined.

Nonetheless, I continued to send information, through my contact, the contact that I did have in Puerto Boyaca. He was a labor union member of Uso, of Ecopetrol, working in the oil producing area of Puerto Calderon. I would send in my reports through him. The person who was my contact knew who was to receive my messages. I did not know where my messages were being sent.

It is important for you to understand that the plan for penetration included five people in two separate operations. Three of us came in on February 23, 1983, and two people came in later. Of the three people that were initially involved, myself included, the other two were killed, with the complicity of the Army and Henry Perez, and the other two people that were part of the penetration plan in the area where I was assigned are alive and someplace in the Middle Magdalena River Valley.

I hope that some day you will have the opportunity to talk to them so that you will believe me. I hope that they will some day be able to come here and confirm what I am saying and tell you other parts of this story, this story which is a threat to the world.

Senator NUNN. Why does the narco-military organization try to destroy M-19? What is the barrier between them?

Mr. VIAFARA. Historically, there is a conviction on the part of the drug kingpins that M-19 was the group that harmed its initial interest by kidnaping Marta Nieves Ochoa, the sister of Fabio Ochoa and Jorge Ochoa.

So from that time in 1981, it is known historically that the drug traffickers began to take reprisals against M-19 and the insurgent groups, guerrilla groups in Colombia, because the guerrillas went against the traffickers interests, either by kidnaping them or by making them pay protection monies, or through extortion.

So since that time, the traffickers publicly stated that they were creating a rightist organization to fight the M-19 and to fight the guerrillas, because they had kidnaped Marta Nueves and harmed their interest. And they said that since then they had only brought peace and progress to Colombia. This was said in a leaflet that they circulated in several cities in 1981, giving rise to the creation of MAS, the Death to Kidnapers organization.

Senator NUNN. Is that rivalry still going on, is the killing still going on between those two groups today, or when you left Colombia, was it still going on?

Mr. VIAFARA. The rivalry between traffickers and the leftists of Colombia is evident from 1983 to the time I left. Their objective is to eradicate subversion in Colombia if possible. One of the courses directed by English instructors aimed to raid one of the camps of Urivas, Casa Verde where Jacobo Arenas and Manuel Marulanda Velez are.

This was one of the objectives of the courses directed by Peter and the other English instructors. They wanted to have a closing session with 120 men raiding the Urivas zone to put an end to the activities of the FARC. This bold raid would have included me as a medic, but Gacha and Perez dismissed the possibility because they deemed that it wasn't the right time, it was winter, it was very cold, and they needed materiel from Panama.

The necessary equipment reached there in December of 1988. The raid was to have been held in September of 1988, but the weaponry needed hadn't arrived. So the raid was postponed. I think it is pending and they can now carry out this raid whenever they wish.

The war against the left in Colombia has been waged against the political arm of the FARC, the Patriotic Union. Thousands of members of the Patriotic Union have been killed in Colombia. I personally know that all of these killings have been carried out under the orders of the organization.

I witnessed very many killings of the leaders of the Patriotic Union. And this was done by the leaders of the organization that I belong to.

Senator NUNN. What about the killings of Government officials, police officials, judges and so forth?

Do you personally know who orders those killings? Did you have any direct contact with the people who were ordering the killing of Colombian governmental officials?

Mr. VIAFARA. Yes, of course, of course. For example, the killing of the political leader of the Patriotic Union, Dr. Pardo Leal, was carried out by our organization. It was master minded by Gonzalo Rodriguez Gacha, in coordination with Henry Perez. The people that were instructed to kill the man were William Infantes and El Gato, the Cat, a brother of William Infantes.

There were three patrolmen that attended a course in the Galaxia school. They had been trained also in the school of Magdalena Merio. They later on were picked up in the area where Dr. Pardo Leal was killed and they were taken by helicopter to the Yari area where I was. I had an opportunity to chat with them, and we spoke of these things in our chat. And they told me how the assassination was carried out, how Pardo Leal was shot and how they had left the premises.

Later on William Infantes was sent with a different identity to the United States. I think he was captured here in a ship carrying cocaine, and it was acknowledged that he was one of the killers of Pardo Leal and the other fellow was sent to a lab in Putomayo.

This killing was carried out by the organization, and all the details were carefully planned, as was the killing of Pablo Guarin. Pablo Guarin was the political representative of our organization, and one might question why the organization killed him. The organization killed Pablo Guarin because of the killing of Dr. Pardo Leal on October 11, 1987. From that time on we in the organization became a little concerned because the authorities began to react against this violence.

So Rodriguez Gacha and Perez wanted to quell the Government reaction by killing one of their own men, a political representative, so that there would be confusion regarding the situation. So Pablo Guarin is said to have been killed in response to the death of Pardo Leal, but believe me, it wasn't so. Pablo Guarin was killed by the organization, the organization that also killed Pardo Leal.

I am a witness to this because I observed and listened to the planning of this killing and maybe this could have compromised me, because I was able to witness all of this. An escort and driver for Dr. Bernardo Jaramillo were captured in a roadblock at Torejon, close to Puerto Boyaca. The organization thought that Bernardo Jaramillo was riding in the vehicle, but he had flown from Medellin to Bogota, and so these two people were captured and they were taken to Puerto Boyaca to a place called Casa Loma.

They were put in a dungeon and they were interrogated and they were asked where Jaramillo was and who the key people of the UP were so that they could be killed. These people gave all the details. They were drugged. I had to give them pentathol. And Jorge Amariles conducted the interrogation. These two people later on were killed, one of them committed suicide in the dungeon. He hung himself using a polyester cord.

And the other guy, he was taken alive and he was taken with the body of the other one to the banks of the Ermitao and Mintanyo river. He was given a "coup de grace", meaning he was shot in the head, and later on the bodies were cut into small pieces and they were dumped into the river so that no traces were left.

I had to see them before the interrogation, before their death, to heal some of their wounds because when they were captured they resisted and they were shot.

Senator NUNN. Let me interrupt you here.

Did you ever know or learn of plans or discussions by the cartel leaders to assassinate people in the United States, or to murder people in the United States?

Mr. VIAFARA. Yes. Specifically, there were no set plans against individuals, but Gacha and Perez on several occasions said that when problems crop up, many of the "monos" would have to be killed. "Monos" is a word used to refer to foreigners. So they said that they would have to eliminate "monos" or foreigners in Colombia or here in the United States.

If I can add something, I would say that we are at the brink of a very difficult situation and I would like to warn you because perhaps there are already individuals in this country who would like to harm some of you here in the Senate. Trying to undermine drug traffickers, some of you may be the victims of attacks, like presidential candidate Galan in Colombia. Maybe the President of the United States would be a victim of the actions of drug traffickers.

Senator NUNN. In other words, you believe—having known them and worked with them—you believe that they would not hesitate to assassinate leaders in the United States who were active against drug trafficking; is that your testimony?

Mr. VIAFARA. Yes. And that is why I am warning you and telling you this very sincerely, because I fear that somebody here in this very room could be an accomplice of drug traffickers. And there are no bounds or limits to this corruption. I am worried about this situation because in my country I witnessed how colonels of the republic were accomplices, and many people in my country are implicated in drug trafficking. And so I think that in this country you should face the situation with a tight fist and forcefully, not like we did in Colombia, because we could be witnessing the beginning of a third world war.

I think this has begun already. This is not a game. You see in Colombia bombings, killings of political candidates. This is not a game, this is just the beginning of a very serious situation and perhaps we should take a more drastic action to hamper something which could be a very menacing factor.

Senator NUNN. One final question. What are the weaknesses of this organization that you were part of? What do they fear?

Mr. VIAFARA. They are not concerned with the seizures of property, mansions or vehicles. I don't think that they mind. I spent a long time chatting with Rodriguez Gacha, confidentially speaking, and he would say that he would not mind if the Chihuahua estate or farm or the Recreo farm or Nutria, or any of the large farms worth millions of dollars would be seized. He said he wouldn't mind because he has special resources. He has money in places that only he knows about and nobody will touch this money.

He doesn't want to be caught. He would be concerned if he were to be caught, and he said that he would never ever allow for the Colombian authorities, or U.S. authorities to capture him alive or to prosecute him. They are willing to repel any action leading to their capture. They have the economic power, they have the weapons, and they have the power to do so. I know this for a fact because I spent time with them. I ate at the same table with them and I know this.

Senator NUNN. Thank you. Senator Cohen.

Senator COHEN. Mr. Viafara, in your testimony you indicated that one of the reasons you feared for your life is that you were targeted, that you were thought to have used drugs; is that correct?

Mr. VIAFARA. Yes, this is correct. Occasionally, I used drugs within the organization, and they have very strict rules. Anybody caught using drugs, people with vices or people who steal or engage in anything illegal, anybody caught doing illegal things is killed.

So they were aware that I was using drugs and they wanted to confirm this fact and they thought that I should be killed because I was using drugs.

Senator COHEN. You indicated before that a number of Government officials or those in the security forces were paid off or bribed by the members of the cartel. In addition to that, do you know whether or not the cartel has infiltrated or penetrated the Government agencies or security forces; actually put agents or informants inside the Government itself?

Mr. **Viafara**. Of course they have. In the anti-narcotics police they have a high ranking person there—I think he is a colonel—who periodically makes contact with the organization via telephone on operations, raids against labs. Equally, I don't know how we got hold of confidential documents on Gacha or Escobar or Henry Perez. These documents would reach the organization, and these were documents coming from the security agency of the judicial police, the DAS, or the Attorney General's office, without any doubt, you don't need to be extremely smart to conclude that there were people who have infiltrated these agencies. There are people specifically infiltrating these agencies.

Senator **Cohen**. Does that also apply to M–19 and other guerrilla groups? Have they also infiltrated either the security forces or the Government agencies?

Mr. **Viafara**. Of course, yes. When I first infiltrated the organization, the plan was also to infiltrate the Magdalena Merio security forces, for example, the Barbula Battalion. And history will show what I am saying here. I have pictures with General Diaz and Henry Perez and Gacha. I have pictures where you see Colonel Borquez with very many of these narco-traffickers. I have many pictures with them with these military officers, but I was not able to bring them with me when I deserted.

Many of these pictures were left behind in my apartment in Puerto Boyaca and many are in the hands of the other two infiltrators. Maybe at some point you will be able to see them and you will thus confirm what I am saying here today.

Senator **Cohen**. Do you know where Mr. Gacha may be hiding?

Mr. **Viafara**. Yes, of course. Gacha is in Colombia. And not only Gacha, but the other important members of the organization like Fabio Ochoa, Jairo Correa, Francisco Barbosa, and Leonides Vargas. These people are located right now in the Middle Magdalena area. How do I know this? Bcause when I was in the organization, this area represented security in the event of a raid because this is the area which is the headquarters of the self-defense groups and these self-defense groups are loyal to the paramilitary narco organization that has provided them many more services than the Government—sewage, health campaigns—and they are loyal to Gacha and Perez. And so they allow them to hide in the Corcovallo area of the Magdalena Medio Valley.

And if the authorities are to look for them in there, the peasants will say, no, they are not here. And also, the peasants have weapons provided by the organization and they will protect them. So believe me, if they want to put an end to international drug trafficking, especially to the Medellin cartel and Gacha and their men, you have to seek them there.

And if you want me, I will help you, I will go with you to any field operation, and believe me, they are there, they are at that place.

Another place, like Venezuela or Bolivia, would not be safe for them. These would not be safe places for them because these are areas that they don't know. They don't know the terrain, they don't know the people there. So when they run out of resources they would have to leave the premises and the people of the area would find them. Whereas, in the Magdalena area, people would protect them.

And also, these areas have not been patrolled by the authorities. This is a war zone, a guerrilla zone, so if the Army goes there they will find two forces there; on the one hand, the guerrillas and the other, the international drug traffickers, the narco-paramilitary groups or the guerrillas.

Senator COHEN. Do you know why, in view of the all out offensive that the Colombian Government has mounted against the cartel, they have been thus far unsuccessful in locating Mr. Gacha?

Is there any reason other than the difficulty of locating him? Are you suggesting that there is not a good faith effort being undertaken?

Mr. VIAFARA. No. I fully respect the authorities. What I want to underscore is that the authorities are making an effort to fight these people. President Barco, General Miguel Maza Marquez, these men realize that they have to put an end to this scourge. But what happens within the regular forces, the police forces, is that drug traffickers have agents, they have accomplices, so what can be done? It is impossible.

Even if there is only one left, someone who is a traitor and who works for the police, it makes it impossible to get these people. But I think that the Government of my country doesn't have the necessary resources to be able to arrest these people. It will take a lot of resources to capture them.

Perhaps there would have to be generalized awareness amongst the military forces to make this possible. There are high ranking military and police officers who know at this time—and I know that they know—where Gacha is hiding and that they could help. So it is important for there to be an awareness on the part of these military people. They have to realize that this is everyone's fight and that this fight has to be one based on great sincerity.

But as long as there are people within the Army that are accomplices of drug traffickers, it is absolutely impossible for us to be able to get Gacha or Pablo or any of them.

Senator COHEN. Thank you, Mr. Chairman.

Senator NUNN. Thank you, Senator Cohen.

Senator Lieberman.

Senator LIEBERMAN. Thank you, Mr. Chairman.

Mr. Viafara, I thank you for being here and I just want to tell you, I'm sure on behalf of everybody on the Subcommittee, how much we admire your courage in coming forward. We finally appear to be in a real war against the international drug cartel, and it is critical when you are in a war to know your enemy. And you are in a unique position to provide us with helpful information on the enemy, so I thank you very much for being here.

You are describing a picture of these people for us. These are cruel individuals, they appear to be strictly focused on protecting their business. They live in a world surrounded by drugs, and yet anybody who uses drugs, according to your testimony, is executed. I presume therefore there is very little use of drugs in the camps and the drug organization. Is that true?

Mr. VIAFARA. That's right. In camps no drugs are used. If people use drugs in camps, it is because they are bored, and that is why I did it in a camp, I was bored. And it is unheard of in the organization. One knows that using drugs means that you are cutting your own tombstone, you are calling for your own assassination. Within the organization, no drug abuse is allowed, nor is robbing or stealing permitted. You cannot steal any money, nor can you use drugs, nor can you get drunk.

Senator LIEBERMAN. And this goes to the leaders of the organization as well? You socialized on occasion, according to your testimony, with the leaders. They also, I take it, do not use drugs themselves?

Mr. VIAFARA. Some of them do use drugs, but they do it very, very privately. In other words, if someone realizes what is going on, it is only the person using the drugs. But no one in the upper echelons of the power structure of the organization knows it. Because if they do, if it is Gacha using drugs, they would kill Gacha. If it is Fabio Ochoa Vasquez using drugs, they would kill him. But I personally know that some of them do use drugs.

Senator LIEBERMAN. You described the relationship between the drug organization and the paramilitary groups as an alliance of convenience or revenge that was based on the drug organization's reaction to the kidnap of the Ochoa sister by M-19.

Do I conclude correctly that the drug organization, the leaders, are without a political philosophy? They are not left wing, they are not right wing, they just want to sell drugs?

Mr. VIAFARA. Here it is important for you to understand me. The alliance right now is narco-paramilitary. The self-defense groups, the paramilitary groups in the Middle Magdalena River Valley linked to the international drug traffickers have a clear, well defined policy, which is to fight against the guerrillas and the insurgents in Colombia

But when they merged with drug traffickers, there the ideology changes. Why? Let me see if I can make myself understood. Henry Jesus Perez, for example, hated the subversives. He was basically a counter-guerrilla, he was never a drug trafficker. But when he began his relationship with Gacha and he began to see dollars, his philosophy changed.

So perhaps he does not worry so much about the situation, but nonetheless he has to continue because what he is involved in is the art of war. But at the same time, Henry Perez is beginning to own part of the laboratories, he is beginning to enter into contact with cocaine and millions of dollars.

But for you to understand what I am saying, when he began to fight in the self-defense groups he only fought guerrillas and he had absolutely nothing to do with cocaine.

At the present time, you could say that they have a defined policy. First for them it is money, first and foremost, at the expense of crime, drug trafficking. It is organized crime that they use to achieve that objective. In other words, money, first and foremost. It doesn't matter if it cost them their mother's life. They don't care, this is something that Jose Gonzalo Rodriguez Gacha understands very clearly.

In addition to that, for example, I personally learned about things that I felt were strange, or saying them here in public seems strange. Jose Gonzalo Rodriguez Gacha has all of a sudden moments where he offers a hand to people who have problems, so he has a human side. But you can't say that he is a nice man, because one knows that he is the leader of the international drug traffic and that he orders and pays for crimes.

So no matter how many millions of pesos he passes out amongst the peasants that surround the laboratories, even if he gives out millions of pesos to the patrolmen, even if he gives millions of pesos to Diego Viafara, his medic, that doesn't give you grounds to say that he is a nice man.

But I do want to say that he does have moments where he is a very kind, very human man, and he gives out money, he gives people advice. That is the way they live.

Senator LIEBERMAN. Of course, in the United States the result of his activities is death, the ruining of people's lives, and the creation of crime.

Let me go on with your understanding of these groups, based on your personal experience.

In the last couple of months there appears to have been a change stimulated by the assassination of the Presidential candidate in Colombia. The Colombian Government has taken more aggressive actions against the drug traffickers, which we all admire, and the United States has taken a more active role in supporting the Colombian Government.

Will that more active role by the Colombian Government against the drug traffickers change the apparent close relations between drug traffickers and some sections of the Colombian military, or will it go on just as it has in the past?

Mr. VIAFARA. I think that the crimes will continue, not only with the killing of Luis Carlos Galan Sarmiento, the Presidential candidate. There will be hundreds, maybe even thousands of peasant leaders, journalists, politicians, there will be thousands of victims.

The thing is, in Colombia drastic measures are only taken once we are going under, when we have water up to our necks. Why didn't we begin to fight these cartels years ago when the Government learned that they were operating in many regions of the country?

Why did we wait until there were acute problems, despicable crimes that are truly scandalous. Why only now is there a crack down?

But it is important that this was the turning point, that the assassination of Luis Carlos Galan, the presidential candidate, served to turn things around. Perhaps this will be what was needed to make the Government allow whatever needs to be done to be done so that this act will not go unpunished.

This man was a great leader in our country and there was no reason for him to have fallen victim to these cruel, ruthless men, nor is it called for for children to die, or innocent bystanders to be killed when they plant bombs to attempt to get someone's life.

It truly is not called for for these people to suffer from the acts of these ruthless men. These groups—it is important for you to understand—are made up of people who are indoctrinated, people who are mentally unbalanced. I can tell you this. I was their medic. I can tell you that mentally they aren't on track. There are thousands and thousands of people tied to these groups and there are thousands of millions of dollars at stake.

Senator LIEBERMAN. Let me ask you this question. Does the cartel have links to organizations within the United States? You warned us quite clearly that, as a result of the escalation of America's effort to assist the Colombian Government in fighting the drug traffickers, it is possible that there will be violent acts carried out in this country, perhaps against Government officials in this country.

Do the drug traffickers that you worked with for these years have organizations already established in the United States? Do they work out of their own organizations or do they link up with other criminal organizations that are already in this country?

Mr. VIAFARA. Yes, they do have links here in the United States. For example, in the United States they have people who receive guidance in Colombia. I personally know of these people and they have been placed in charge of given situations along the borders in Tiajuana, in New Mexico and Texas and in Southern California. There are people that work with them, that keep their eyes open and report to them, and there are a couple of hit men that I know that have been in that area for a year and a half. They even took English classes before they came.

And these people guarantee the penetration of cocaine overland from Mexico into the United States. They have contact with people of Mexican origin that I am acquainted with, either in Mexico or Mexico City. And these people have a group—I don't know what the group is called in Mexico—but they are hired assassins. They are hit men.

Also in the area of Atlanta there are people that have links with the organization. And in Florida, in the Miami area, there are also people with ties to the organization. So, in one way or another, these people who have come into the U.S. from Colombia are watching over the interests of or are protecting the security of the financiers involved in money laundering operations or of those who pay for the goods.

Senator LIEBERMAN. Are these people who might carry out violent acts in the United States in this next stage of the war?

Mr. VIAFARA. Yes, it is possible that violence may be carried out in the United States by these people and by others who may have entered or who may later enter, having received the most recent courses given by the instructors. For example, I can tell you where I live at the present time—and I can't tell you for security reasons where I live—but I have personally seen people from Colombia who belonged to the organization, and they represent a risk for me and for you, and I have reported this to the authorities.

It is not that I am afraid. I was afraid before I came here because I thought that perhaps I was not going to live long enough to be able to testify here. So I was afraid of that.

But from now on I am not afraid of being shot down by the international drug traffickers because I know that I have rid myself of a burden by telling you my story for you to do something. So I have shared with you my moral burden and I can now die without carrying this sin with me. I have confessed my mortal sin so they can take my life now. I was born for this purpose and I defected knowing that at some time they will shoot me down. I know that at some time they will kill me. I may be hiding in a bunker, but they are able to reach out and kill me regardless of where I may be.

I assure you, I am certain that there are people here in the United States that are their allies, that have their resources invested, and who are on their side. They are armed, they have combat capability, they follow the orders given to them from Colombia. Those are the people who are going to be in charge of the crimes and generating violence, as an arm reaching out of this violence that has been produced in my country. These will be the people that will carry this out.

I hope that you don't think that I am speculating. I am merely telling you this and I think that time will prove me right. Many of us will be witnesses of atrocious crimes here in the United States, and not only in Colombia but in other Third World countries where the international drug traffickers have interests.

I may fall to the bullets of the international drug traffic, but even if I die, I ask those of you who continue to live to make your own contribution, large or small, to eradicate international drug trafficking and organized crime.

Senator LIEBERMAN. Mr. Viafara, I thank you again. I can only reiterate what I said at the beginning. You are a hero, and you have contributed immeasurably with your testimony today to our effort to fight this evil group. I thank you.

Senator ROTH. I have a few more questions, but because time is passing, I would ask that you be as brief as possible in your answers, although we, of course, want complete answers.

Let me go back to the question of foreign mercenaries who taught the cartel, the organization, about the use of bombs and other types of weapons.

More recently you have seen a number of bombings being utilized by the cartel in Colombia. I think the last one was a couple of days ago where a former mayor was killed.

Do you see the increased use of bombs to be a direct result of this foreign mercenary training?

Mr. VIAFARA. Yes, of course. What we are seeing right now in Colombia is the result of the teachings of these instructors from Israel and England. The patrolmen who had an opportunity to take part in these courses are putting into practice what they learned and this is what you are seeing here on TV and as reported by the press.

Senator ROTH. Now, let me ask you a few questions about yourself. As you stated in your opening testimony, you were a member of M-19, a group of, as I understand it, leftist guerrillas. Then you chose to infiltrate the paramilitary.

With that kind of background, why did the leaders of the cartel trust you? I understand they may have wanted to utilize your services, particularly your medical expertise, but how did it happen that they permitted you to become a witness to some of their highest meetings with the highest members of the cartel?

Mr. Viafara. When I arrived in the Magdalena Merio area under the pretext of getting amnesty, the infiltration plan, I knew, would entail risk of being killed. I was very much aware of this and I was prepared to face this eventuality.

I was able to earn the trust of each member of the paramilitary organization. I earned their trust. I was very candid and I want you to understand that my candor was a false one. I pretended to be trustful, but I did so in order to penetrate the organization. Incidentally, the paramilitary organization established this association, and I devised the logo and the bylaws, and I conducted lectures. In other words, I helped in whatever way I could.

It was important for me to show the organization that I was a valuable member so that they would respect me and would not kill me. So I earned their trust. I put them in my pocket, as we say in my country, and they believed me for many years. And so this allowed me to eat at the table with Henry Perez and Gonzalo Perez and Nelson Lesmes and Gacha and Pablo. This allowed for this trust to develop, so much so that very often Gacha would fall ill and the doctor they would call would be Diego Viafara, yours truly.

So I earned their trust and this trust allowed me to be side by side with them. Although they observed me, they were never able to detect that I was an infiltrator. I took many pictures of them. I filmed many videos, and I wish that I would have been able to bring these pictures with me.

There was so much trust that at some point I saw them gathering in Recreo farm—a representative of Pablo Escobar was there, Pablo, Gacha, Ochoa, Lesmes, Amariles, some 30 other big leaders were there. And I tell you this very candidly, I had in my kit 2 grams of cyanide and mercury that at some point I thought of putting in the pot where this meal that they would eat was being cooked.

I had access to the kitchen, because Gacha's cook was a friend of mine. I thought at some point to go to the kitchen and put the cyanide, not 2 grams but, you know, a small amount of cyanide in the pot so that I could have poisoned all of these traffickers and we would not be facing this situation today. But my plan did not contemplate this. My infiltration plan entailed not making public what I am saying today, but getting information to Plata and the others.

But the circumstances dictated otherwise, and that is why I am here. And so I thought, if I kill them, perhaps I will be detected and I will be killed.

Senator Roth. Again I would ask you to try to be as brief as possible.

Do you maintain any contact with the guerrillas or M-19 or the original group with which you are associated? Are you in communication with them now in any way?

Mr. Viafara. No, sir. It is very difficult to make contact with them. I sincerely don't have any contact with them.

Senator Roth. Did the paramilitary groups have access to Government information regarding law enforcement operations and investigations?

Mr. VIAFARA. Yes. I personally received at one point some copies of confidential documents on paramilitary groups based in the Magdalena Merio from the hands of the mayor of Puerto Boyaca, I received these documents.

Senator ROTH. You testified that when these paramilitary forces kidnapped someone, they used torture while interrogating them.

What was the purpose of that? Why didn't they——

Mr. VIAFARA. I am sorry, I am not able to hear.

Senator ROTH. Can you hear now?

Mr. VIAFARA. Fine now, sir. Okay, go ahead.

Senator ROTH. As I said, in your earlier testimony you indicated that torture was often used prior to assassination. What was the purpose of torture? Why didn't they either use psychological methods or why didn't they just kill the people out right? What was the justification?

I think you testified that Gacha or one of them even spelled out exactly how people were to be killed. Was this part of the psychological terror?

Mr. VIAFARA. There were several ways to conduct a killing in keeping with the orders issued by Gacha, Amariles, Perez and Lesmes. When we needed to have a person speak, we would physically torture him. He was hung, he was poked, he was hit, or we would cut up some part of his body. And this person, so that no part of his body would be cut up, would speak, and so he would even sing the U.S. national anthem or the Colombian national anthem.

At some point I wanted to introduce a different procedure in the organization. I said to Perez, why don't we introduce psychological torture, rather than physical torture? He said no, people should be treated thus.

There were very few instances where psychological torture was applied. The interrogation was carried out under the effects of pentathol, but later on the people were cut up in pieces, after they were shot in the head. Some people were cut up with a chain saw. For example, there is a case of a woman on a sidewalk of Magdalena Merio. She was married to a guerrilla aide. She was killed and she was pregnant and they took her teeth out.

I can tell you this here and you would not believe me, but this is true. This happens in the organization. People are alienated, although these are young kids, 15 to 20 years old. They are taught how to kill because of the indoctrination of the organization. And so if you are not killing people you can be killed. This is a motto. Those people that are not good at killing are to be killed.

Senator ROTH. I have one last question. Yesterday one of our witnesses, a journalist from Colombia admonished, warned us not to overestimate the sophistication and intelligence of the cartel, that they are not as smart as we seem to think.

I would like your analysis as to how sophisticated you think the Medellin cartel is. Does its operation depend on a few leaders? If they were somehow removed from the scene, would that be fatal to the organization?

How would you characterize the organization and its operation? Can we effectively dismantle it, as now proposed?

Mr. VIAFARA. I think that to undo the organization that I belonged to, the organization headed by Gacha, Escobar, Perez, Lesmes, and Gonzalo Perez, I think that this is very difficult to do. I think that the journalist who said that this organization is not as smart as is thought is wrong.

Believe me—and here I don't think I am wrong—the organization constitutes a world threat. This organization is capable of something very serious. They have aircraft, they have vehicles, they have land-to-air weapons. They are very sophisticated. I wanted to show you something that was published in a U.S. newspaper where there is mention made of weapons. I spoke on the subject of weapons, and I know—I am familiar with these weapons. These are sophisticated weapons like M-16 machine guns and .50 caliber guns. The organization has these weapons. So they have the weaponry and they pose a threat to any state, any security organization on this globe.

In addition, in 1988 the building of an ammunitions factory was planned. This would have been built in Cundinamarca. I witnessed this. In Pacho, the organization has lathes where they maintain weapons and they build silencers, and all these people who work in these factories worked for the Army. They were the weapons experts of the Army. There are thousands of armed people. In Magdalena Merio the smallest group has 30 men with AK-47 weapons and three or four grenades, so these are not mere combatants.

The combatants, the patrol people who work for the paramilitary narco organization, are more disciplined than any Army soldier in Colombia and they are smarter and they have more competent indoctrination than any Colombian soldier.

I can bear witness to this because I shared a lot of time with them, and lived among them. Believe me, the organization has the strength and the power.

Senator ROTH. Well, thank you. I appreciate your testimony. My time is up.

Senator NUNN. Mr. Viafara, we appreciate you being here this morning. You have given us information which is disturbing, which is sobering. It confirms our real fears about the extent and the capabilities of the cartels that you have been part of, and we appreciate you being here. This will be helpful information even though it is very disturbing information.

Prior to receiving testimony from our next witness, Mr. David Wheeler, I will ask that the room be cleared so security can be maintained while Mr. Viafara exits the room. We will take a 5 minute recess while the room is being cleared and I will ask the camera people to turn down the cameras away from the front, please. We will make sure that all of that is done. We will take a 5 minute break.

[Brief recess.]

Senator NUNN. The Subcommittee will come back to order.

Senator Roth, let me ask you if you will introduce our next witness, and then I will swear him in.

Senator ROTH. Yes. Thank you, Mr. Chairman.

Our next witness is a convicted drug trafficker, with extensive ties to Mexican narcotics traffickers. As part of a plea agreement with the Government, he participated in an undercover operation and infiltrated a Bolivian narcotics organization which was seeking to bypass the Colombians and ship cocaine directly to the United States by way of Mexico.

We appreciate his appearance before the Subcommittee and look forward to his testimony.

Senator NUNN. Thank you, Senator Roth.

Mr. Wheeler, we swear in all the witnesses before our Subcommittee. If you will just remain seated, I will give you the oath.

Do you swear that the testimony you give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. WHEELER. I do.

Senator NUNN. Thank you, sir.

I understand you have a statement, Mr. Wheeler. We will ask you to take your time and go through that statement, take as much time as you need. You have got water there before you, and so I hope you are comfortable and we look forward to your testimony.

TESTIMONY OF DAVID WHEELER, A CONVICTED DRUG SMUGGLER

Mr. WHEELER. Thank you, Mr. Chairman.

My name is David Wheeler. I am a convicted drug trafficker who was involved in the narcotics business for approximately 25 years. I was also a drug user and became addicted to cocaine. I was arrested in Oklahoma City on August 27, 1986, for conspiracy to distribute cocaine.

In January of 1987, I was interviewed by agents of the U.S. Customs Service, and in June of that year I began my undercover work with U.S. Customs. It was through my undercover work that I became associated with Bolivian cocaine traffickers who were trying to circumvent the Colombian traffickers.

I was born on October 5, 1942, in Washington, D.C., the son of a Foreign Service officer. In 1961, I got out of the Army to live on the Yalapa commune off the coast of Western Mexico. It was at Yalapa that I learned, from the Indians, how to cultivate seedless marijuana. I later went into business growing and smuggling marijuana for about 20 years. The Indians taught me and assisted me in keeping the Mexican federales at bay and, in return, I brought them food and medicine.

I returned to the United States for a while to work as a screenwriter, only to return to Mexico again and traffic marijuana and evaluate seized cocaine shipments with the Mexican security directorate, the DFS, for another eight years, from 1972 to 1980. I also dealt in quasi-legitimate areas, such as tequila exports, oil sales and pre-Colombian artifacts which were sold in the U.S. and Europe.

To start the ball rolling in my undercover operation, I re-contacted an old associate of mine in Mexico, a former DFS commandante named Pablo Giron. Giron told me about this connection he had in Bolivia which could provide unlimited quantities of finished, processed cocaine. The connection was made through a Mexican named Efraen Mendez Duenas, who was living in Bolivia. Mendez had developed some good Bolivian connections and was offering to provide an introduction for a $2 million fee.

According to Giron, the Bolivians were looking to hook up with an American group who could transport the cocaine and distribute it in the United States. Efren Mendez, acting as a middleman, arranged for us all to meet for the first time in Panama. The Bolivians had one guy in Panama who laundered and managed their money, but they did not want to conduct too much business there. They said that they did not trust Noriega and they feared that he would turn them over to the North Americans to ingratiate himself with the gringos.

I met three Bolivians, Jorge Roman Salas, Mario Vargas Bruun, and Reimberto Rodriguez, for the first time in Panama. These Bolivians told me that they were part of a consortium of cocaine producers who referred to themselves as "the corporation." One of the first things the Bolivians told me was that they were looking for a way to bypass the Colombians, they were tired of the Colombians reaping all the profits out of the drug trade and wanted to try and cash in on those profits themselves. The Bolivians had the laboratories ready to turn the coca base into finished cocaine, and they were looking for a way to get it to market.

At this meeting, we agreed to buy 5 tons of cocaine at $5,500 a kilo. These guys were not interested in dealing with smaller quantities. We could tell that we were dealing with a pretty high level, because Roman Salas and Vargas had the capability of making decisions about selling price and even lowering the selling price. They said they had two huge labs operating in the Bolivian jungle, each of which was capable of turning out 200 kilos a day, or approximately 150 tons per year.

After we had reached an agreement with the Bolivians to buy five tons of cocaine, the Mexicans presented what they considered to be a plan for guaranteed government protection through Mexico. The plane would land in the State of Puebla, where Pablo Giron had acquired the protection of a military general and a lieutenant colonel.

I was informed that General Arevaio Garbcque, the then Defense Minister of the Republic of Mexico, had approved the deal, and that he was to receive a major share of the $1 million per-ton fee. The officers had agreed to seal off a section of the road with their troops while the plane landed, refueled and took off. Knowing the power of the Mexican military, I knew we could not get better protection than that.

The Bolivians insisted that my pilot and I travel to Bolivia to check out their facilities. In mid-December 1987, I traveled to Bolivia with a DEA informant/pilot to view the cocaine and landing sites, so that I could assure myself and government agents that these guys had the ability to produce what they promised.

My pilot and I arrived at Viru Viru airport in Santa Cruz, Bolivia, on December 13, 1987, at about 6:45 a.m. We were met by Roman's car and driver and were taken to Mendez' house to rest up. At about noon, Roman and Vargas, two members of the Bolivian "corporation" which owned the lab, arrived and told us we were flying to a ranch, which was one of their bases of operation. En route, they pointed to their cocaine boss' Roberto Suarez' ranch in Trinidad. We finally arrived two and a half hours later.

I was amazed at the sophistication of the communications system at the ranch. There was an elaborate communications room which kept Pato Pizarro occupied the entire time I was there. I heard him talking to other base stations coordinating shipments and flights. I also heard him talk to Leticia, Colombia, to arrange for a load to be picked up. It was clear that these Bolivians were still providing base to Colombian groups, while separately trying to circumvent them.

We soon boarded the plane again to visit a stash site. This time, we flew for about 15 minutes and flew over a beautiful ranch—Rancho Primavera—near Lago Rogoaguado. This ranch was enclosed with white fences and had a paved airstrip, with white flash marks and a boardwalk leading from the ranch to the lake. On the other side of the lake, there were armed guards in fatigue uniforms guarding a clandestine strip at the stash. From the strip, we walked for about 15 minutes into the jungle. I inspected the cocaine, which was kept in sealed packages inside woven bags up on platforms. Armed guards surrounded the stash location. There were three platforms, with approximately 1,400 kilos at this location.

From there, we flew to another luxurious ranch. This one was named "La Ilusion," which I was unable to locate when we went back for the raid in January of 1988. At this ranch, we met to discuss the specifics of how the operation would transpire.

There was a man present, accompanied by a bodyguard, who listened but said nothing during the course of the meeting. At one point, he leaned over and batted my knee and said, "I think we can do business." I learned later he was Roca Suarez, the top cocaine boss in Bolivia today. The Bolivians also discussed the problems they were having acquiring precursors—ether and acetone. They were usually shipped through Brazil and Argentina, by way of the Amazon River.

At one airstrip, we arrived just after a Colombian plane had left picking up cocaine hydrochloride. In discussing the arrangements for the pickup, the Bolivians insisted that their pilot guide me to the pickup sites, and maintain high-frequency radio communication between my plane and the stash and staging sites. Ultimately, we were unable to effect a controlled delivery.

In January of 1988, Customs and DEA agents arrested 7 of 12 violators charged with conspiracy in the case. This was accomplished by inviting these individuals to consummate the transaction at a U.S. Customs undercover house in La Jolla, California. Pato Pizzarro was not among those arrested, but was later killed in Colombia by the Medellin cartel.

It was clear to me that the Bolivians ran a well-organized, large-scale operation which was capable of producing huge amounts of cocaine. Although some of the Bolivians were arrested, I have no doubt that the operation continues to this day.

I will be happy to answer any questions you have at this time, Senator.

Senator NUNN. Thank you, Mr. Wheeler. We appreciate your testimony.

Senator Roth?

Senator **Roth**. Thank you, Mr. Chairman.

Let me get a couple of clarifications, so we have a better idea of what we are talking about. You said at the meeting that you had on the laboratories for the sale of five tons, that was at a price of $5,500 a kilo. How much is that a ton, do you know?

Mr. **Wheeler**. That would work out to $5,500,000 a ton, which was the initial asking price.

Senator **Roth**. $5,500,000 a ton, and one laboratory was capable of processing 150 tons per year?

Mr. **Wheeler**. Yes, Senator, there were two laboratories and one warehousing area that, between the three areas, were capable of producing 150 tons a year.

Senator **Roth**. So, how much would that be a year?

Mr. **Wheeler**. Well, based on my estimate, which is based on intelligence and estimates from different sources, the areas of Bolivia and Peru that refine the cocaine base into crystal are capable and ready to produce from 700 to 1,000 tons of cocaine for export per year.

Senator **Roth**. Mr. Wheeler, how many years experience do you have in the drug trade?

Mr. **Wheeler**. Cumulatively, 25 years.

Senator **Roth**. Now, you mentioned in your testimony that you assisted the Mexican security directorate in their trafficking of cocaine and marijuana. Exactly what is the Mexican security directorate and how did that come about?

Mr. **Wheeler**. Well, the Mexican security directorate of the DFS, as they are known in Mexico, came about basically unconstitutionally as an illegal organization, which combined the powers of what would be the FBI and the CIA in the United States, thereby giving them extra national intelligence capabilities, as well as national intelligence capabilities, purportedly for the suppression of Communist and subversive activities.

Senator **Roth**. And you worked with them in their trafficking of cocaine and marijuana?

Mr. **Wheeler**. I worked with them in many different aspects, one of which, and which became their most prevalent function in the latter years of DFS, was very definitely the transportation, transshipment of cocaine and the laundering of funds derived from such.

Senator **Roth**. Why were they interested in your working for them?

Mr. **Wheeler**. Well, for several reasons: One, because they needed a liaison in the United States, they needed liaison with the English-speaking clients that they had; they also needed someone with the background that I had, which was quite extensive in the hill country of Mexico, as well as the jungles of Central and South America and Panama.

Senator **Roth**. It is my understanding that the DFS was abolished by the Mexican government a few years ago, is that correct?

Mr. **Wheeler**. Yes, the DFS, per se, was abolished.

Senator **Roth**. Did the man you described as an old smuggling associate, Pablo Giron, have any official connections?

Mr. **Wheeler**. At the time of our operation, our undercover operation, he purportedly was on the security detail that was doing the advance work for the President-Elect, Salinas de Gotari.

Senator **Roth**. When you met Efrain Mendez Duenas, who did he refer to as his sponsor or associate in Bolivia?

Mr. **Wheeler**. He referred to his associates as all working for the same man. The titular head of the organization was supposedly Roberto Suarez. However, when we got there, we found that his nephew, Roca Suarez, was, in fact, in charge of the cocaine operation.

Senator **Roth**. What specifically did the Bolivians find unsatisfactory about their business dealings with the Colombians?

Mr. **Wheeler**. The Bolivians have no seaports, they have no access to the sea. They were bottled in by the Colombians, the Colombians had organized a veritable army, the cartel from Medellin and from Cali had resources that they could not compete with, in terms of transportation, the acquisition of precursors or chemicals, and in their distribution lines, as they are referred to in the United States.

As well, Pablo Escobar had made a concerted effort and was doing so at the time we were down there to consolidate the growers and the Chipare, as well as the coca growing region of Peru and were trying to cut them off from their own source of paste.

Senator **Roth**. When did you first meet with Roca Suarez?

Mr. **Wheeler**. I met with Roca Suarez, the exact date was sometime in December, December 14, 1987—no, excuse me, that would have been December 15, 1987.

Senator **Roth**. Could you identify who this picture is?

Mr. **Wheeler**. That is the gentleman who was introduced to me.

Senator **Roth**. Again, what is his role in drug trafficking?

Mr. **Wheeler**. He is at present the effective head of the organization referred to as the "corporation," which has extensive control over all the coke-producing area of Bolivia and connections with the Medellin and Cali cartels.

Senator **Roth**. Do you know where he lives at the present time?

Mr. **Wheeler**. Where he is at the present time, I could not say. He has numerous homes throughout Europe, in Los Angeles, he has relatives and maintains a home, he has homes throughout Central America and numerous, I would say dozens, if not scores, of homes in Bolivia and South America, to include Argentina, Brazil, Ecuador. His main home is very much like the home of the Ochoa family in Colombia, inasmuch as it has a large African zoo and a petting farm, and it is located immediately adjacent to Viru Viru airport in Santa Cruz, Peru. He also maintains stables of very fine horses and, as most of these individuals, he also has fighting bulls.

Senator **Roth**. Does he live in the United States openly, on occasion?

Mr. **Wheeler**. He has traveled openly to the United States. His brother maintains a service station and several other businesses in Los Angeles, California.

Senator **Roth**. Much of the negotiation on this sting operation took place in Panama. Why was that?

Mr. **Wheeler**. Well, from our point of view, from the point of view of the Government agents who were conducting the undercover sting, Panama was a neutral area, where we had a certain amount of rapport with the government. It was, however, not my understanding that we had as much rapport with the government as we thought we did, because I had previously had many dealings with individuals surrounding Noriega and several dealings with Noriega himself, which led me to believe that he was every bit as involved in the cocaine traffic as the cartels were.

However, the American government felt that they were comfortable there, and the Bolivians felt that there was a neutral zone, they were familiar with the area, they had laundered a great deal of money there, so it was an intermediate area where we could all meet for the first time.

Senator **Roth**. You testified that the deal reached in Panama entailed protection from the Mexican military at the refueling point in Mexico for the plane carrying the Bolivian purchased cocaine. Did the Mexican military actually take part in the negotiations?

Mr. **Wheeler**. Yes, they did.

Senator **Roth**. Who else in the Mexican military assisted in the transaction?

Mr. **Wheeler**. I personally met with two lieutenant colonels who took me to the landing site that they had selected for us for my approval, and I spent several days in Mexico City, while I was informed that the general staff and the Minister of Defense had to allocate the area that we were subsequently to use and indicate which general would be in charge of it. It had been my experience in the past that that is how things were done and that it went up the chain of command from your connection and your contact point, and then it was decided how the pie would be split, and the individual who was purported to have made the final approval, who was to get a lion's share of the $1 million per ton landing fee, was General Arevaio Garboque, the then Minister of Defense of the Republic of Mexico.

Senator **Roth**. Do you know what his current status is?

Mr. **Wheeler**. I do not.

Senator **Roth**. Do you know for a fact whether or not he received a major share or any share of the fee?

Mr. **Wheeler**. No, Senator, because as soon as the lieutenant colonel who was representing the Mexican general staff came to La Jolla, California, and received the first half of the first ton's fee, which was $500,000, they were arrested upon leaving the undercover house.

Senator **Roth**. You said in your testimony that you were confident of the ability of the military, the Mexican military, to provide protection for the drug shipment. Why did you feel so secure?

Mr. **Wheeler**. Because when I had worked in Mexico, from 1961 until 1982 or thereabouts, I had found that there were two forces in Mexico which were beyond—there were two forces in Mexico that had absolute immunity and the power and ability to move anything anywhere. I had had many experiences with the military safeguarding shipments, caravanning shipments of confiscated, in the early years confiscated drugs to the border to its transshipments points into the United States, as well as the DFS, the Mexican CIA, if you will, doing exactly the same thing with carloads of officers carrying machine guns. The military had used military vehicles manufactured in the United States, but Mexican military vehicles to caravan large shipments of marijuana. They had also provided guards in military uniforms, military enlisted personnel to guard the large marijuana farms that were discovered in the early 1980's in Northern Mexico, and they also protected the landing strips and the offloading strips and the ports of Mexico.

Senator ROTH. So, in your judgment, the protection they offered was very, very extensive?

Mr. WHEELER. Yes, most complete and extensive protection that is available in Mexico is available at this time through the military.

Senator ROTH. It is my understanding that the Bolivians insisted that you go to Bolivia to meet with them. Why was this?

Mr. WHEELER. That is correct. If I may have a moment.

[Pause.]

Well, I had a response that I had annotated, but I am just going to give it to you as I recall. They insisted that we go down there initially so that we could see the scope of their operation. They were under the misapprehension, we had led them to believe that we were representing one of the five major La Cosa Nostra families from New York City, and they wished to impress us so that we could dedicate a great deal of money and material to the extraction of their cocaine from Bolivia. I believe that was their primary purpose, it was to instruct and impress us, and then they had a secondary purpose, as well.

They knew if we were agents of the United States government, that we would normally be traveling with what they call "country clearance," that our embassy or our State Department would be informed in the capital of Bolivia, in La Paz, and that by agreement they would inform the head of the Bolivian government that we were conducting such an operation.

It had been my experience in Latin America that this precluded any serious investigation that might subsequently take place, so I requested, as did my case officer, U.S. Customs case officer, that we go down there in the cold, without country clearance, the reason being that we suspected that, when we got there, they would already know we were coming, if we had country clearance. It subsequently turned out that they asked us for our passports and then checked our passports out while we were in Bolivia, to find out if we were, in fact, on any list that they might have of U.S. Federal agents.

Senator ROTH. Let me make certain I understand. The secondary reason was that if you were a law enforcement official, that our embassy would advise the Bolivian government of that?

Mr. WHEELER. That is correct, by agreement.

Senator ROTH. And in turn, the organization or company, whatever they called it, had infiltrated or had individuals who would inform them, in turn, that you were law enforcement?

Mr. WHEELER. Absolutely, up to and including past presidents of Bolivia who were installed by the financial power of the corporations and the cartels.

Senator ROTH. So, the cartel is a very significant factor, politically?

Mr. WHEELER. I would say that today, throughout Latin America, the cartel is not only desirable in most of those countries, because of the influx of dope dollars, but that it is probably the single most controlling factor as far as regarding their business throughout South America.

Senator ROTH. You remarked that both you and the DEA pilot were surprised at the level of sophistication of the Bolivian communications equipment. Can you describe that to us further?

Mr. WHEELER. Well, I felt when I went down there and I saw the equipment that was available to ourselves and to the Bolivian national police, that we were in the 19th Century, by comparison to what the Bolivians had. They had extensive communications equipment in every single little extensios and every major ranch and every little town. In all of their aircraft, they had installed sophisticated, high-frequency and single-sideband equipment.

They used to communicate directly through what they called a bridge in Panama and another in Cali, which were relay stations, with San Antonio, Texas, on a nightly basis. They used to speak to their pilots in the air all over the skies in Central America, Mexico, and South America. They used to communicate frequently with their bases in the United States. Most of this communication was done in coded language.

Senator ROTH. I do not know whether you heard any of the prior testimony or not, but there has been differing testimony as to the sophistication of these cartels. One witness yesterday indicated that we should not overestimate how well-structured, how sophisticated, how smart they are. Our earlier witness today took a contrary point of view.

From your personal experience, how would you characterize the Bolivian operation? Is it highly organized, structured well, a sophisticated organization that would continue, irrespective of what happened to the top officials, or is it more of a street gang?

Mr. WHEELER. No, it is definitely not on the level of a street gang. It is a somewhat fluid situation down there. The Colombians have been bearing the administrative brunt of the problem up until recent weeks. The Colombians and the Bolivians and the Peruvians can all draw on international expertise, by virtue of the enormous amount of funds that they have trans-located throughout the world. They can hire the best help, and when you have the money, why settle for less?

There are estimates between $30 and $100 billion of free liquid American capital circulating throughout the free world. Certainly, if they have been in business for the last 15 years and they have been making anywhere between $3 and $5 billion a year, they have not had the opportunity to spend that money.

That kind of money will attract people at every level of government, and if, in effect, we have declared, by virtue of the President's declaration, that we are engaged in a war on drugs and we are also engaged in a war against the politics of drugs, and I think there is plenty of evidence to support my contention that they have subverted government leaders throughout the world, not specifically in South America, but I think there is evidence that that is going on right now in Europe. That amount of money, free and liquid, is devastating to a politic.

Senator **Roth**. Do you have any specific evidence or knowledge of such corruption?

Mr. **Wheeler**. Well, myself personally, in Mexico and Panama, I do. The individuals that I worked with over a long period of time, albeit some of them are referred to as mercenaries, pilots, transshippers, all of these individuals who I am still in contact with are reporting major inroads that are being made right now in countries like the Netherlands, Luxembourg, the British banking system or the offshore banking systems throughout the world.

When I lived in the Cayman Islands, I saw great evidence that in the Caymans, Turks and Caicos, and the Bahamas, had been subverted by these monies. There is no doubt in my mind that Panama, on the highest political level, is sustained and maintained by the influx of coke dollars.

I know for a fact that Mexico is more concerned with that liquidity than they are with the oil that they are shipping. They are dedicating more of their security forces at this time and has segregated a major part of Northern Mexico, from Guadalajara through Sonora, to the transshipment of the cartel's cocaine. They are warehousing the cocaine, there are thousands of semi-trucks, 18-wheel trucks that are coming through the Southwestern border on a daily basis that have stashes built into them.

Why we allow their trucks to simply drive across into the United States, with a cursory inspection, I do not know, because they do not allow our trucks to take one step into Mexico. Northern Mexico, Guadalajara right now would seem to have more cocaine stashed in it, based upon the reports from the pilots that I am in touch with on a weekly or daily sometimes basis, the shipments now going out of the interior of South America are on the order of 20,000-pound shipments being hauled by DC-6's, C-123's, and they are looking around for C-130's right now to haul directly non-stop from the interior of Bolivia and Colombia and the Brazil, in the jungle, directly into Northern Mexico, where they feel that they have complete immunity, and from Northern Mexico, it is welded into these semi-trailers——

Senator **Roth**. Into the semi-trailers.

Mr. **Wheeler** [continuing]. And comes right directly across.

The reason that we have not, the United States government has not prioritized San Diego is because there is not a large distribution network there. But if we took a very close look at the border in Mexicali and in Tiajuana, I think we would find that the majority of the Colombian cocaine is being transshipped directly across by the land method.

Senator **Roth**. By land, rather than sea or air?

Mr. **Wheeler**. That is correct.

Senator **Roth**. I think my time is up.

Senator **Nunn**. Let me just ask a couple questions, and then I will defer again to Senator Roth and Senator Levin.

You have been involved, one way or the other, in this transshipment of drugs for a long time, have you not?

Mr. **Wheeler**. That is correct.

Senator **Nunn**. How do you measure the effectiveness of U.S. border interdiction during that period of time—I believe you started in about 1972?

Mr. WHEELER. The period of time that I was involved in transshipment?

Senator NUNN. I am trying to get a relative measurement of our effectiveness of interdiction at the borders, stopping drugs at the borders, from when you first started compared to now.

Mr. WHEELER. Well, the methods of interdiction are much more sophisticated now. However, the volume of drugs is enormous, by comparison. I started bringing it across myself by boat, a ton at a time, in 1962 and 1963. In the mid-seventies, I was working with the DFS, when they were filling natural gas trucks, that they refer to as pepas, they were filling natural gas trucks in Mexico with narcotics and shipping 8 or 10 of those trucks across at a time. Sometimes they do that once, twice, three times a week.

The main port of entry at that time was El Paso, Texas, because of the natural gas situation there. The Mexican trucks come across empty and go back full of American natural gas. Each one of those trucks had 3½ to 5 tons of marijuana and as much as a thousand kilos of cocaine.

That is when I began to realize that the hole in the border had opened up quite a bit, and it took a corporation, a sophisticated corporation, with intelligence and with a great deal of funding, in order to be able to effect that.

Now, the volume is so great. The U.S. Customs is seizing enormous amounts of cocaine and enormous amounts of marijuana, but it does not make a dent in the actual flow across.

I have heard the Colombians, the Panamanians, the Bolivians say that the loss is quite acceptable. We think we are taking——

Senator NUNN. What percentage do you believe that they are losing of what they are sending? In other words, what percentage are we stopping?

Mr. WHEELER. Somewhere between 5 and 10 percent of what they are sending. They find 20 percent acceptable, based upon their profit.

Senator NUNN. So, if we were to, depending upon whether it is 5 percent or 10 percent, if we were to quadruple our effectiveness or at least double our effectiveness at the border, you still say those losses would be acceptable to them from their perspective?

Mr. WHEELER. Yes, 20 percent is acceptable to the cartels.

Senator NUNN. What would not be acceptable?

Mr. WHEELER. I think you would have to get above 50 percent before it would not be acceptable.

Senator NUNN. How do these losses affect them, they simply raise the price?

Mr. WHEELER. They would raise the price and they would change their method of introduction. Right now, they are contemplating buying land on both sides of the border and simply tunneling under the border, using the tunnel for a month and then selling both pieces of property and moving on to the next tunnel. If they were to do that, they would be able to get hundreds of tons of cocaine across inside of a month's period.

They have now spread into the North and the Northwest and are purchasing ranches as far north as Montana and Wyoming, large pieces of property through investment fronts. They intend to warehouse that cocaine there. They also intend to warehouse the backup cocaine in Mexico.

They do not need Colombia for any productive reason. They only want Colombia because they are Colombians, because that is their home, because that is where their ranches are. But they do not need Colombia to produce cocaine. They grow very little cocaine in Colombia. They need Bolivia, they need Mexico, they need Panama, they need the United States.

Senator **Nunn**. We have had hearings in this subcommittee and other committees have also had hearings on the creation of a radar network across the Southwest border of the United States to interdict drug planes. Based on your experience, how effective will that radar screen be?

Mr. **Wheeler**. As I stated earlier, Mr. Chairman, the methods, they are way out in front of us, they have a very sophisticated analysis system. They tape all of these recordings and they analyze them. They have people cutting clippings out of newspapers from every major city in the United States. They study the public transcripts of all of our trials, all of their trials. They are way out in front of us.

If we were to try to increase the radar surveillance, they would move onto the ground exclusively. They are not beyond using submarines. They have contemplated using surplus diesel submarines. They are serious about piping coke underneath the border. It is nothing new. Al Capone did it.

Senator **Nunn**. Do you believe that interdiction can be successful in stopping drugs coming into this country?

Mr. **Wheeler**. No, I do not.

Senator **Nunn**. What do you think the United States should do, based on your experience? What would be your list of priorities in the expenditure of dollars?

Mr. **Wheeler**. I have given it some careful consideration and I have thought about it for years, both from the point of view of violators and, in more recent years, from the Government's point of view. I think there are only a few means of effectively stopping the flow of cocaine and, may I add, heroin, that they are now growing in larger and larger quantities, into the United States.

I think, first of all, you must burn the cocaine crop, which is far beyond anything that could be justified by the use of the Indians in the Andes. They are growing thousands and thousands percent more of the coca leaf that could be justified by anything. You must burn those crops. As long as those trees are there, the cocaine is going to get out, whether it is transshipped via Africa or—they are not beyond shipping it to Europe and shipping it back in containers from countries that are not targeted as cocaine-producing countries. They are doing it now. You have got to burn those crops. It takes them 4 years to grow the trees again, and then burn them again.

You have got to arrest the leaders, wherever they are, you have got to exercise the international agreements and you have got to find those people, and they are not that hard to find, they show up at all the bullfights and all the soccer matches. You have to find those people and you have to take them down and you have to bring them back, and you have to bring back the people who replace them.

I have heard talk about the possibility of executing the drug kingpins. I do not feel that this would be nearly as a severe deterrent as if they were incarcerated for the rest of their natural lives. This to a Latin is much more horrific than to be put up in front of a firing squad, where there is a certain amount of martyrdom that they can profess.

I think that if you arrest the leaders wherever they are and you incarcerate them, that you will humiliate them and that you will take away the hero aura that they have in their own bodios and their own areas of resource, and I think that you have no choice but to go after these people who have found themselves in the top 10 billionaires in Forbes magazine this year.

I think you have to repatriate the money. I think that the money that they have overseas is also accessible to us, because it is the dope dollars that are in current flow, they are liquid. There are accounts in the major offshore banking systems that can be traced. Almost all of their money movements are electronic. The National Security Agency has the capability to monitor those shipments of money. It is not too hard to find the paper trail. It would take a large staff, but it is not hard to find the paper trail and to track down where the money eventually went to.

I know for a fact that the money is being relaundered in Europe and brought back and invested in the United States, once it has been effectively laundered in Europe. There are many banks in the European Community that welcome the dope dollar, because we have not enforced our prerogatives over there. So, that money should be repatriated.

It should also be taxes. The IRS should take a very close look at that money and, then, what is not subject to taxability should perhaps go back into the countries of origin of these traffickers to defeat further trafficking.

I think that we have to stop the American chemical companies from freely distributing the precursors throughout the world, as we have to stop the West German manufacturers of the precursors. A very small percentage of the ether, for instance, and the acetone, for another instance, is used for legitimate purposes. Both the U.S. Government and the chemical companies are aware of that. Someone should talk to the chemical lobby.

I think that the experts in drug interdiction should come from all fields of drug expertise. I think we should be able to deal with people who know the drug business. They are out there, Senator, I know some of them. It is very difficult to get a man whose expertise is in agriculture or education or religion to deal with a problem that is very sophisticated and very individual.

My experience in several years of working in undercover operations with the United States government was that there is a terrible frustration among the leadership of the agencies, there is squabbling between the agencies. There is a great need to share information between the agencies. I am just now finding out when I come to Washington that information that we could have used in our operation in Bolivia has been in the files for 8 or 10 years.

Senator NUNN. Whose files?

Mr. **Wheeler**. In the files of the Senate investigating committees. They had information on the people we were going after that they had had from the DEA, but because we were working with Customs, we could not access that information, we did not know who we were dealing with until after the——

Senator **Nunn**. In other words, you do not think the agencies share intelligence, as they should?

Mr. **Wheeler**. No, I do not. There perhaps should be an agency that does nothing but coordinate that information.

Senator **Nunn**. Any other suggestions?

Mr. **Wheeler**. No, I think that if those six points were correctly addressed, I think that we could stop the cocaine problem within a year.

Senator **Nunn**. You are basically saying that interdiction at the borders is not efficient or effective?

Mr. **Wheeler**. I am saying that, yes.

Senator **Nunn**. Thank you.

Senator **Levin**. May I just be recognized for a few questions?

Senator **Nunn**. Surely.

Senator **Levin**. A lot has been said before this Subcommittee about the failure of agencies of the United States government to coordinate with each other in getting intelligence. Has it been your experience that the knowledge which has been gained from your undercover operations with the Customs Service has been formally or informally shared with other agencies such as the DEA?

Mr. **Wheeler**. On a very limited level, Senator. If I may clarify, I have never been even debriefed by the Drug Enforcement Administration regarding my knowledge or the operation itself. Only Customs is privy to the knowledge.

Senator **Levin**. It has also been suggested that the drug cartels might retaliate against Americans here, if drug kingpins are extradited. What is your opinion on that?

Mr. **Wheeler**. It has been my experience that the power of the United States is feared throughout South America by the violators. I think that they may want to level those threats and they may want to hold that specter over the heads of American Government, but I think it is an empty threat, because I know that, based upon what happened to Enrico Camerana in Mexico, which shook the Mexican drug cartels to their very foundation and finds the leaders of those cartels in prisons as a result of that, that these individuals realize that it would just take one instance of that type for the United States government to exercise its prerogatives to bring those individuals back from wherever they may be in the world and put the necessary agencies, whether it is the Department of Defense or the Defense Intelligence Agency or the National Security Agency or whatever is at their disposal to bring those individuals back, and they know it.

Senator **Levin**. You have described the veritable army of the cartels. What is the most sophisticated weaponry that the cartels have? Do they have, for instance, anti-aircraft equipment?

Mr. **Wheeler**. They have RPG–7 Russian rocket launchers, they have LARS rockets, they have twin .50-calibre machine guns, they have pretty much whatever the governments in South America have, because they acquire their equipment through them, as well as through other sources.

Senator **Levin**. If we attempted to burn those fields from the air, would they be able to knock down our helicopters or our aircraft?

Mr. **Wheeler**. Not if we did it in a military fashion.

Senator **Levin**. They do not have that kind of equipment?

Mr. **Wheeler**. No, and they do not have that kind of mobility.

Senator **Levin**. And you have commented, finally, on the death penalty and said that it is not as effective a deterrent as life in prison, without the possibility of parole.

Mr. **Wheeler**. I believe that.

Senator **Levin**. Would you elaborate a bit more on that for us?

Mr. **Wheeler**. Well, in my estimation, the Latin psyche is much more afraid and would be humiliated to a much greater degree if their freedom were taken away from them indefinitely. The Latin can bring a great deal of courage to bear upon the moment of execution and make a martyr of himself. They fear more the American justice system, which can give them indeterminate sentences or sentences that go beyond their natural lifetime, and——

Senator **Levin**. That go through their natural lifetime?

Mr. **Wheeler**. That is correct.

Senator **Levin**. Thank you.

Thank you, Mr. Chairman.

Senator **Nunn**. Senator Roth.

Senator **Roth**. If I understand your testimony, it is that, while Colombia is critically important, primarily because the heads of the principal cartels are Colombian, it really is a worldwide phenomenon and has to be attacked, the problem has to be attacked on a broader basis. Is that correct?

Mr. **Wheeler**. That is correct, and we must remember that Colombia grows an almost unimportant amount of cocaine, because of their climate. Right now, the Colombians themselves are moving into the governments in Peru and Bolivia on a very, very high level, because the areas that they function in, in the Benin and in the border of Brazil and Bolivia are virtually impenetrable. It would require a system like the ELANS system that was used in Vietnam to do any kind of penetration in there. You would have to have electronic intelligence to find out where they were. You would have to have satellite reconnaissance to find out where their infrared signatures were. So, that is where they are moving. They are one step ahead.

Senator, we cannot kid ourselves: They are also in Africa right now, with botanists and biologists, looking for the right places on Kilimanjaro to grow cocaine, and they are now proliferating throughout South America and throughout Central America growing opium and opium poppies, which will this year show up to be, I believe, as big a problem as cocaine.

Senator **Roth**. I assume, even though they are looking at these other areas, the basic operation is still Latin America——

Mr. **Wheeler**. That is correct.

Senator **Roth** [continuing]. And the headquarters is Colombia?

Mr. **Wheeler**. That is correct.

Senator **Roth**. But you see Bolivia as a ready alternative or even a significant one today?

Mr. **Wheeler**. I certainly do. It is less of a democracy and less of a financial power than Colombia, which was subverted by money.

Senator **Roth**. What are the problems that Bolivian traffickers face with the chemicals necessary for making cocaine? It is my understanding that there already have been discussions with the chemical manufacturers and others, but you think this is something that, if it could be controlled, would be a serious blow to the drug business?

Mr. **Wheeler**. It would in the initial stages, until they could buy a reagent grade ether factory for themselves, yes, which they are talking about right now. They are talking about also getting a supertanker and turning it into a floating factory.

Senator **Roth**. Do you know what happened to the price of cocaine in California in recent weeks?

Mr. **Wheeler**. Yes, it has virtually tripled, because of their inability to function from their main bailiwick or their main stronghold.

Senator **Roth**. Why are they unable to function? Could you be a little more specific?

Mr. **Wheeler**. Because Colombia has finally begun to realize that the problem is as much theirs as it is ours and has made it very difficult for them to operate from their armchairs, where they are used to being able to run their organization. Now they are on the move and they do not have the facilities that they had before, they cannot hold the kind of meetings that they held before, they are afraid to congregate. So, what is being done right now is that they are having to reorganize, and——

Senator **Roth**. So, in your judgement, even the action that has been taken recently is having a significant impact on their operations?

Mr. **Wheeler**. I do, but albeit temporary.

Senator **Roth**. Should there be some kind of a law or international agreement that their assets can be seized, would that——

Mr. **Wheeler**. Absolutely.

Senator **Roth**. If you take the money out of it, what would that do to the cartels?

Mr. **Wheeler**. That would take the reason for being in business out, and it would also—the money is their power. If I am not mistaken, the agreements are already in place to recover that money, much the same as the Mafia's money is recoverable. The La Cosa Nostra's money is recoverable in other countries.

Senator **Roth**. My understanding is that there is a U.N. treaty but it has not necessarily been ratified by all the countries.

I think those are all the questions I have, Mr. Chairman.

Senator **Nunn**. I do not have any other questions. Do you have anything you would like to offer that we have not asked you that you think is pertinent here?

Mr. **Wheeler**. No, sir. I think you have been very fair with your time and I think I was able to say everything that I would like to.

Senator **Nunn**. Well, we appreciate your cooperation with this Committee and we appreciate your cooperation with the government. We think that having people who have been on the other side of the law, as regrettable as that is, have turned and is helping the U.S. government, the Customs Service and other agencies, is enormously important. I can assure you that we will be in touch with the Customs Service and with the other agencies to try to improve their sharing of information, including the valuable information you have, because this is not something that ought to be limited to one agency.

Mr. **WHEELER**. Thank you very much, Mr. Chairman.

Senator **NUNN**. Thank you. We will ask you to keep your seat until the room is cleared, so we can protect your identity and I will ask all the cameras to turn away to the back, please. We will then clear the room and then we will have our witness leave.

I wish you good luck in your——

Senator **ROTH**. Mr. Chairman, I would like to have this picture entered as a——

Senator **NUNN**. Who is that? Could the staff identify it?

STAFF MEMBER. It is Roca Suarez, the individual that the witness identified as the leading cocaine trafficker in Bolivia.[1]

Senator **NUNN**. Without objection.

Senator **NUNN**. All right, thank you very much.

The Committee stands adjourned.

[Whereupon, at 1:00 p.m., the Subcommittee was adjourned.]

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[1] See Exhibit 24 on p. 193.

APPENDIX

STAFF STATEMENT[*]

Introduction

In September of 1988, the staff of the Permanent Subcommittee on Investigations began an investigation of the structure of international drug trafficking organizations. We began this investigation by focusing on international cocaine trafficking organizations in the Western Hemisphere. We wanted to identify the principal members of the major organizations, and to analyze how these organizations function. We also sought to determine the extent to which these groups operate within an organized structure.

Our goals in undertaking this investigation were three-fold. First, we believe that in order to most effectively combat the problem of drugs in this country, we must understand how these illegal organizations work. Second, in publicly exposing these sophisticated organizations and identifying their principal members, we hoped to neutralize two of their most important weapons, anonymity and invisibility. Finally, we attempted to identify deficiencies and opportunities for improvement in intelligence gathering and analysis.

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[*] This statement was prepared by the minority staff of the Permanent Subcommittee on Investigations.

Historic Interest of PSI

The investigation was a blend of the two recurring subjects examined by the Subcommittee: organized crime and narcotics. Beginning in 1963, the Subcommittee exposed, for the first time, the structure and membership of Italian organized crime families in the United States. This investigation laid to rest the then-conventional wisdom that there was no such thing as organized crime. In 1988, the Subcommittee revisited the Italian organized crime issue, 25 years later, to review what success U.S. law enforcement had had in dismantling the LCN.

In addition to a long-standing interest in organized crime, the Subcommittee has also conducted numerous investigations into narcotics and drug trafficking. Some of the previous Subcommittee investigations relating to drug trafficking are as follows:

1964	Illicit Traffic in Narcotics on an International Scale
1975	Federal Drug Enforcement, Parts 1-3
1976	Federal Drug Enforcement, Parts 4, 5 and Drug Enforcement Administration
1977	Illicit Traffic in Weapons and Drugs Across the United States - Mexican Border, and Federal Drug Enforcement, Part 6
1979	Illegal Narcotics Profits
1981	International Narcotics Trafficking
1982	Narcotics Trafficking in Georgia

1984	Prevention of Drug Abuse Among Youth
1986	"Crack" Cocaine
1987	Federal Drug Interdiction: Command, Control, Communication and Intelligence Network

How We Conducted the Investigation

We began the investigation by contacting United States government agencies likely to have knowledge about international drug trafficking organizations. These agencies included the State Department, the Drug Enforcement Administration, the Federal Bureau of Investigation, the Central Intelligence Agency, the U.S. Customs Service, and the Department of Justice.

The Subcommittee also visited several of the hub cities which were identified as major distribution centers for international drug groups. These hub cities include Miami, New York, Los Angeles, Houston and Chicago. In New York, Los Angeles and Miami, staff interviewed federal and local law enforcement officials to determine what each knew about the drug organizations in their city. Staff also traveled to Colombia, Bolivia, Mexico and Peru, which are the major supplier or transhipment countries. In those countries, we interviewed law enforcement and government officials to determine what they knew about the groups which operate within their countries' borders and the extent of the problem within each country. Staff also traveled to Spain, a staging point for the introduction of cocaine into Europe. Staff interviewed Spanish law enforcement officials to determine their knowledge of the incipient problem and what they had learned about the people who are setting up operations in Spain.

Staff also interviewed former members of drug trafficking organizations, including convicted felons, cooperative witnesses and informants. The object was to gain an insider's perspective on the organizations and obtain an understanding of how these businesses work on the day-to-day level.

Staff also spoke with persons who had been victims of these drug trafficking organizations, because of their efforts against the organizations. These persons were forced into exile, into hiding or into some type of protective custody in order to avoid retaliation from the narcotics traffickers.

What We Learned

COLOMBIA

Colombia is the leading exporter of cocaine in the world[1]. Colombia's most important function in the cocaine trafficking business is to serve as the primary cocaine processing center in that illegal laboratories in Colombia produce most of the world's cocaine supply. Colombia is also host to the bosses of the organizations which dominate drug trafficking throughout the region and import an estimated 80 percent of the cocaine consumed in the United States. In addition to production of cocaine, trafficking groups in Colombia also control most of the transportation channels and distribution networks which move the cocaine to the U.S. and Europe. It is estimated that 225 to 355 metric tons of cocaine were processed in and transhipped from Colombia last year.[2] Relative to

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[1] International Narcotics Control Strategy Report (United States Department of State, Bureau of International Narcotics Matters, March 1989), p. 70.

[2] Internatinal Narcotics Control Strategy Report (United States Department of State, Bureau of International Narcotics Matters,

Bolivia and Peru, little coca is grown in Colombia -- approximately 27,000 hectares, an amount capable of producing 39 metric tons of refined cocaine HCl. Nonetheless, this amount places Colombia as the third largest grower of coca in the world.

The main focus of the drug trade in Colombia is the processing of coca base into cocaine hydrochloride (HCl) which is the refined cocaine consumed by drug users.[3]

The majority of persons who own and direct the cocaine business are Colombians. As previously stated, Colombia is the main center of both the labs and the persons who direct the trade. The Colombian government has been unable to successfully prosecute the major narcotics traffickers. Until recently, Colombian authorities have concentrated on a campaign designed to disrupt the traffickers' activities. This has included locating, seizing and destroying the processing laboratories.[4] An intensive interdiction campaign, begun in January of 1989 by the

Mid-Year Update, August 1989), p. 14.

[3] The process from the coca leaf to the refined cocaine is basically a three-step process, from leaf to paste, paste to base, and base to powder. Colombian cocaine laboratories, for the most part, handle only the second and third steps in the process. The base is between 90-95 percent pure cocaine. To process the base to cocaine hydrochloride, the base is dissolved in ether and then filtered. The impurities are discarded (or gathered to be sold as bazuco, a smokable form of cocaine consumed in Colombia). The refined cocaine is approximately 98-100 percent pure. Sometimes it is mixed with other substances to reduce the purity level before it is packaged for sale.

[4] During a staff visit to Colombia in August 1989, the U.S. Ambassador to Colombia described the Colombians' laboratory search-and-destroy mission as equivalent to the "soft underbelly" strategy advocated by Winston Churchill during the Second World War. In other words, destroying laboratories was most effectively exploiting the resources available to the Colombian security forces. The general view expressed was that apprehending traffickers and dismantling their organizations was something the Colombian authorities were not capable of at this time.

Colombian National Police, has resulted in record seizures of cocaine and chemicals. As a result of this sustained campaign, the Colombian authorities have seized, in the first eight months of 1989, twice as much cocaine as was seized in all of 1988.

The assassination of Colombian presidential candidate Luis Carlos Galan on August 18, 1989 changed the Colombian government's posture completely. A state of siege was declared by President Barco while law enforcement and military officials began a massive crack down on Colombian traffickers. More than 10,000 people were arrested and many of the homes and properties of the traffickers were seized. President Barco also announced that he would extradite Colombian narcotics traffickers to the United States. As of this writing, only one extraditable trafficker, Eduardo Martinez, a money launderer for the Medellin cartel, has been arrested.

BOLIVIA

As the second largest producer, after Peru, of coca leaf in the world, Bolivia has long played a critical role in the cocaine trafficking business. Previously, Bolivia was primarily a producer of cocaine paste and cocaine base which were sold to Colombian traffickers who further refined the product to cocaine HCl in laboratories located in Colombia. Bolivia still performs that function, but ominously, it is also now home to a growing number of Bolivian-based organizations which operate their own HCl labs and are capable of producing and distributing large quantities of finished cocaine to markets in the U.S. and Europe.

An estimated 50,000 hectares (123,000 acres) of coca are under cultivation in Bolivia. Until the passage of a new anti-drug law in Bolivia in July 1988, coca cultivation was legal. The new coca law established three zones of coca production: (1) a 12,000 hectare zone for legal coca cultivation;

(2) a 27,000 hectare zone in which coca cultivation will be phased out; and (3) illegal zones which are theoretically subject to immediate eradication.

Nearly one third of Bolivia's coca, grown in the Yungas region, the traditional growing area, is used to supply the internal, legal demand for chewing and tea. The remaining two thirds of the crop, grown primarily in the Chapare area, is used for illegal processing into paste and ultimately cocaine HCl. In the Chapare region, the dried coca leaves are processed in maceration pits or crude paste labs by wholesale leaf buyers or by the cultivators themselves.

Coca eradication efforts, to this point, have not involved any forced eradication. Voluntary eradication efforts cannot be said to have met with much success in light of the failure to meet minimum eradication goals and the increased total amount of land under coca cultivation.

Roberto Suarez Gomez was long reputed to be the chief cocaine trafficker in Bolivia. He is currently incarcerated, but is nevertheless believed to continue to exercise some control over his remaining cocaine operations. His son, Roberto Surez Levy, who resides in Santa Cruz, is believed to also now exercise significant control over the business.

By general agreement, the new kingpin and boss of the largest cocaine trafficking organization in Bolivia today is Jorge Rocha Suarez. His organization directly employs an estimated 300 to 400 people. Roca, also known as "Techo de Paja" or "Straw Roof," has been described as a well spoken, quiet person. He is a nephew of Roberto Suarez, Sr. and is also based in Santa Cruz where he owns a very large high-walled home, a large ranch near the Santa Cruz airport, and several businesses. The previous Perfecto, or governor, of the Santa Cruz Department, is a cousin of Roca.

More than 25 other groups in Bolivia have been identified as major trafficking organizations capable of producing and distributing large quantities of finished HCl to world markets. Many of the leaders or compradoras, of these organizations, including the Chavez family group led by Carlos Chavez Martillo, are based in Santa Cruz, while others, such as the Bismark Barrientos Antesana organization, are based in Cochabamba.

Trafficking operations, however, are concentrated in the Chapare region (coca leaf, paste and base labs) and the Beni Department (base and HCl labs). Many of the organizations have ranches (estancias) in the Beni, which is a very large, flat and thinly populated region.

Santa Anna de Yacuma, a town located in the Beni, has been called the Medellin of Bolivia. It is certainly a town almost completely under the control of the traffickers. On June 22, 1989, the Bolivian police mounted a nighttime raid on Santa Anna in an effort to arrest a major Bolivian trafficker, Hugo Rivero Villavicencio, and four others. Rivero was not found, but the Bolivian police contingent was harassed by townspeople and a Bolivian Air Force helicopter was fired upon -- by the Bolivian Navy detachment stationed in Santa Anna!

That incident highlights the fact that Bolivia is plagued by narcotics-related corruption ranging from lower-level civil servants to high-ranking police and military officials. Although Bolivian government officials have frequently taken steps to remove or otherwise discipline corrupt officials, corruption remains endemic.

Many of the major Bolivian drug trafficking organizations are connected in the sense that they share paste buyers, planes and communications. The increased level of cooperation among major traffickers, the development of leaf to distribution of

Bolivian organizations and the endemic corruption make Bolivia a prime candidate for a substantially larger role in international cocaine trafficking, particularly if the current disruption of cartel operations in Colombia continues.

PERU

Peru is the leading supplier of coca leaf and cocaine products to the Colombian cocaine cartels. Peru is by far the largest producer of coca in the world. There are over 110,000 hectares (271,810 acres) of coca under cultivation. While 18,000 hectares are licensed by the Peruvian government to produce coca for internal consumption for purposes of chewing, medicine and flavoring, the remainder of the crop is destined for illegal refinement and distribution. It is estimated that even much of the legal coca crop is diverted for illegal use, because in 1988 narco-traffickers paid approximately $1.00 per pound of leaves compared to $.14 per pound paid by the legal market.

There have been substantial increases in the amount of land planted in coca in recent years. During certain months of the year, U.S. anti-narcotics aircraft cannot safely fly over the Upper Huallaga Valley, a main growing area, due to the extensive smoke produced from the slash-and-burn techniques used to clear new land for coca production.

Historically, Peru has exported all of its coca leaf harvest to Colombia for further refinement and export. This practice has changed during the last two years. Now, Peru's trafficking organizations produce coca paste, which has led to increased violence associated with protecting the processing labs. With the advent of Peru's more active role in the cocaine distribution chain, loose cartel trafficking organizations have emerged to regulate outgoing supply, including standardized packaging and regulated transportation charges. Several family groups have emerged which have the ability to process, transport and distribute cocaine to both the U.S. and Europe, though these groups are still few in number.

Although Peru's internal trafficking organizations appear to be more loosely structured than Bolivia's, and clearly lack the tight structure and control of Colombia's cartels, vertical integration has been made possible because Peru manufactures many of the precurser chemicals, such as kerosene, ammonia, sulfuric acid and potassium permanganate used to process coca leaves into cocaine paste. Because these chemicals have many legitimate commercial purposes, there is no attempt to control their distribution. The government does, however, monitor the import of ether and acetone, two of the key chemicals necessary to convert cocaine base into cocaine HCL. Still, the vast bulk of coca paste produced in Peru is smuggled out of Peru via small aircraft, river craft and pack animals to Colombia and Brazil for further processing and distribution.

In addition to its monumental coca production, Peru faces tremendous economic and political problems. Peru has an estimated annual inflation rate of 2000 percent, and several competing insurgent groups, including the Sendero huminosa or Shining Path guerillas, wreak havoc on the political structure of the country. The guerilla groups are involved in drug trafficking to the extent that they charge protection fees for landing planes, tax production and sometimes trade weapons for cocaine products.

MEXICO

According to the Department of State's Office of International Narcotics Matters, Mexico has emerged as a major route for cocaine entering the United States. Mexico produces about one-third of the marijuana and heroin smuggled into the

United States and has become a channel for up to 30 percent of the cocaine traffic from Colombia.[5]

There is a large infrastructure of drug trafficking groups in Mexico, some of which have been trafficking marijuana and heroin or other contraband for many years. Mexican drug trafficking groups are frequently organized around family members who act at the inner circle and carry out the organization's business. Below that level, they are very compartmentalized. Generally, there are large numbers of people who work for the organization in a variety of capacities who are not aware of who they work for and almost never meet their superiors face to face. Traffickers at the higher levels of the organization, particularly in some of the older or more established groups, may be almost venerated by the local townspeople as heroes. Most of these traffickers have taken steps to ensure their good standing in their local community by spreading their wealth to the poorer municipalities, in some cases bringing electricity for the first time to impoverished rural towns. Thus, some of the larger traffickers in Mexico are portrayed as heroes, bringing money from rich oppressors to poor farmers. An example, is a popular ballad written to venerate Rafael Caro Quintero, a powerful trafficker from Guadalajara, Mexico.

While it is clear that official corruption has played a major role in facilitating the Mexican drug trade, it may be that its pervasiveness is waning. There are many indicators that during the previous Mexican administration, most traffickers in Mexico bought official protection at some level. For example, in 1987, the Mexican Federal Judicial Police commandante in Juarez was indicted in U.S. District Court in El Paso after being picked up on a wiretap offering to sell back confiscated drug loads to traffickers. Subsequently, the distrust between U.S. and Mexican officials in the El Paso-Juarez area reached the point where neither side's officials would cross the border for fear of being arrested by their counterpart law enforcement agency.

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[5] Mexican Drug Trafficking Organizations (U.S. Department of Justice, Federal Bureau of Investigation, Mexican Traffickers Unit, April 1989), p. 6.

The current Mexican administration, under President Salinas de Gotari, has taken some steps to deal with the problem of narcotics-related corruption. In 1988, the Mexican government arrested Jose Antonio Zorilla Perez, a former official of the now-defunct Directorate of Federal Security (DFS) on charges that he used his official position to protect drug traffickers. Major drug traffickers Felix Gallardo and Rafael Caro Quintero are among those Zorilla is alleged to have protected. Zorilla is also alleged to have authorized the cultivation and harvesting of 4,000 tons of marijauna at the "El Bufalo" plantation in Chihuahua, Mexico in 1984. He allegedly received $5 million for his complicity. Another DFS commander, Rafael Chao Lopez, was also arrested on corruption charges.

One of Salinas' cabinet appointments, that of Alvarez del Castillo as Attorney General of Mexico, has caused some to question the new administration's commitment to a meaningful anti-narcotics campaign. In the Mexican system, the Attorney General's office runs 90 percent of the Mexican government's anti-narcotics program, the remaining 10 percent is carried out by the military. Alvarez del Castillo was governor of Jalisco state during the time DEA agent Enrique Camarena was abducted and murdered in that state. Alvarez was viewed as a weak governor whose ineffectiveness allowed the narcotics traffickers to consolidate power in the state of Jalisco at that time. However, Salinas' appointment of Javier Coello Trejo as the Assistant Attorny General to head the anti-narcotics program within the Attorney General's office is viewed favorably since Coello is widely considered a tough, competent and honest official.

Many of the Mexican trafficking groups, which previously trafficked only in Mexican-grown drugs, such as heroin and marijuana, are now transhiping cocaine from South America to the U.S. There has been increased interaction between the Colombian cocaine traffickers and the Mexican traffickers during the past few years. Colombian traffickers call Mexico "the trampoline," because cocaine loads spring from Mexico into the United States.

The efforts of the Salinas administration against official corruption in Mexico have been more than matched by the arrest of major drug traffickers in that country. During the first six months of 1989, the Mexican government arrested the following major drug traffickers: Raul Kelly Osuna, Carlos Aguilar Garza, Amado Carillo Fuentes, Giuseppe Catania Ponsiglione and Miguel Felix Gallardo, one of the largest drug traffickers in Mexico. Felix Gallardo was called "the godfather" of Mexican traffickers and was thought to have very high-level connections within the Mexican government. Gallardo was also a point of contact with high-level Colombian traffickers, who used his organization to tranship their cocaine. Gonzalo Rodriguez Gacha and the Ochoa family both reportedly worked with the Felix Gallardo organization. Both Rodriguez Gacha and Ramon Matta Ballesteros, prior to the latter's arrest, were major links between Mexican and Colombian drug traffickers on behalf of the Medellin trafficking groups.

The Colombian Cali traffickers also use Mexico heavily as a transhipment point, particularly Guadalajara and the state of Tamaulipas. Generally, the cocaine is air shipped from Colombia to Mexico and trucked over land from Mexico to the United States.

The Mexican government has become very concerned about the links between Mexican drug traffickers and Colombians. Both U.S. and Mexican authorities have observed an increase in the number and firepower of weapons used by the traffickers. Colombians themselves generally do not move their drugs through Mexico;

rather they pay the Mexican traffickers to shepherd their loads through to the U.S. In one case described to the staff, Mexican nationals transported a load of Colombian-owned cocaine all the way from Mexico to New York City where it was then turned over to Colombians in that city.

What We Know About the Organizations

An initial question is the extent to which these organizations conform to the common understanding of the term "cartel." Colombian officials themselves refer to the large narcotics trafficking groups as cartels, although some American law enforcement officials believe that the term represents a basic misunderstanding about these groups. Webster's defines cartel as "an international combine formed to regulate prices and output in some field of business." The staff found little evidence to support that definition when applied to international cocaine trafficking groups, and the Colombian groups in particular. For example, we saw no evidence that the Colombian groups set prices on cocaine by the kilo or that they make agreements as to how much cocaine will be produced in a given period of time. There is some evidence that cocaine has been held back for a time from a particular market if the market became too saturated. For example, law enforcement officials in Los Angeles reported that between February and April of 1988, cocaine was stored in Northern Mexico rather than sent through to Los Angeles, because the Los Angeles market was flooded. Another law enforcement official surmised that the withholding could have been due to the fact that funds from Panama were unavailable during that period due to internal upheaval. Therefore, no more loads were being fronted. (Fronting of cocaine loads is more than norm than the exception in the cocaine business. Fronting means that the cocaine is given to a supplier or the shipper on consignment, and the payment is made only after the cocaine is sold. The general time frame by which payment is expected is 30 days.

But the secondary definition of the term cartel, i.e., groups acting as a unit towards a common goal, is applicable to international drug organizations involved in cocaine distribution. The cartels seem to function as voluntary alliances which allow autonomy to each separate group but work together to facilitate safe transportation, deal with threats from outsiders and maximize economic benefits.[6]

Two major cartels which dominate the cocaine trade in Colombia are well known as the Medellin cartel and the Cali cartel. The fact that these cartels take their names from the cities which are home to their most prominent members underscores a truism of the cocaine business. Individual cocaine trafficking groups are organized around family and associates from the same city or geographic area.

Cali Cartel

The existence of the so-called Cali cartel was first detected in the mid-to-late 1970's by their operations in New York City. The strength of the Cali cartel has been estimated at approximately 2,500 members.[7] The Cali cartel is smaller than the Medellin cartel and appears to function in a much more

[6] It should be pointed out that there is a very wide divergence of views in the American law enforcement community with regard to the degree of coordination between groups and the degree of organizational structure inherent to any individual group. The basic disagreements are directly attributable to a lack of adequate, basic intelligence and exacerbated by the failure to share intelligence.

[7] There is, however, a wide discrepancy on estimated numbers. Estimates given to staff ranged up to 6,000.

businesslike, less violent fashion than Medellin. The Cali group is consistently described as businesslike and low-key. Although smaller and lower profile, Cali does, in fact, ship large quantities of cocaine to the U.S. and may rival the Medellin cartel in this regard.

Information that the staff reviewed indicates that the Cali cartel is more vertically integrated and more traditionally corporate-like than the Medellin cartel. As previously stated, it is unanimously believed, by both U.S. and Colombian officials, that the Cali cartel runs its drug business with much less violence than the Medellin cartel. Unlike Medellin, the Cali group has not been thought responsible for significant numbers of assassinations of public officials. One expert who has been studying the Cali cartel for 11 years said that the Cali group, in fact, frequently uses thugs from Medellin to do their enforcing against rival traffickers or persons who are thought to have cheated the cartel. One such group used by Cali traffickers in New York is called the Palestinos, named for its leader, Julio Palestino, who was recently arrested in Florida. So, although the Cali people do use violence on some occasions, they also tend to "freeze-out" people with whom they have disputes rather than automatically killing them.

The leaders of the Cali cartel are Gilberto Rodriguez Orejuela and Jose Santacruz Londono. The leadership style of these men is more formal, and they maintain more distance from the actual narcotics and the lower-level workers than the Medellin chiefs. As an example, one federal agent recounted how when Santacruz Londono traveled to the U.S., he was always met by the top Cali leader in the jurisdiction to which he was travelling. Only that leader would approach Santacruz and engage him in conversation. Others in the entourage would remain out of earshot in deference to the leaders. This style is akin to operating procedures of the traditional Italian organized crime families.

Both Santacruz and Rodriguez were in the United States running their operations from New York and Miami until approximately 1985. Currently, these individuals run their drug-trafficking business from Cali, Colombia. There is some dispute as to how involved these two individuals are in the day-to-day running of drug operations. Some U.S. officials believe that Rodriguez and Santacruz are less directly involved now and that Jaime Orjuela Caballero and Fernando Forrero have emerged as the current leaders. Orjuela is thought to be much more violent than either of his two predecessors. Luis (Lucho) Santacruz Echeverry, younger half-brother of Jose Santacruz Londono was also believed to be emerging as a leader of the cartel until his arrest in Miami in June of 1989. Lucho was in charge of U.S. operations for Cali and also reportedly served as the liaison for Cali with the Medellin cartel.

The Cali cartel has its headquarters in a suburb of Cali called Ciudad Jardin. Many of the principal members have houses on the same street, even within the same block. There is a municipal police station at the entrance to the neighborhood where they live. The cartel has its annual meeting in Cali on January 6th. All of the major wholesalers and distributors are flown to Cali for the week-long meeting.

The Cali organization sends a substantial number of its members to the United States to handle distribution. Its members take regular assignments, which last an undefined period of time. They generally have their people located in the wealthier suburbs of major U.S. cities. If a wholesaler or distributor is indicted in one jurisdiction, that person is usually transferred to another location. It has reportedly been a regular practice of Cali traffickers to leave one individual to face charges so that the organization, through its lawyers, is able to extract as much information as possible about the government's knowledge of the case. If the person left to stand trial is convicted and serves his or her sentence without cooperating with the government, that person will be rewarded by advancing within the hierarchy of the organization. As an example, Jose Patino served a sentence in the United States after his arrest in 1979 in New York while all his co-defendants fled the jurisdiction. Patino is now believed to be in charge of European operations for the Cali cartel.

Cali distributors maintain close communication with Cali. They rely heavily on mobile telephones and fax machines to coordinate the arrival and distribution of a load. These phones are changed every few months.

The Cali groups often return money to Colombia in containerized freight shipments. To gauge the scale of business being conducted by this cartel, DEA officials cite one particular discovery of a two-month ledger which recorded $40 million worth of business. This ledger belonged to only one of many Cali-affiliated cells operating in New York.

Traditional hub distribution cities in the U.S. for the Cali Cartel are New York, Houston and Miami. On the supply side Cali historically had ties to the Lopez Paredes family in Peru and to the Roberto Suarez operation in Bolivia for supplies of raw materials.

The Cali cartel has ties to the Lopez Paredes family in Peru and to the Roberto Suarez operation in Bolivia.

Both the leaders of the Cali cartel have made extensive investments in legitimate enterprises in Colombia. Gilberto Rodriguez Orejuel owns a chain of drug stores called Drogas Rebajas. Rodriguez also has extensive investments in soccer teams, radio and television stations, a low-cost housing project, and a hospital. Santacruz has his money principally in real estate and some low-income housing units.

Medellin Cartel

The Medellin cartel is believed to be a looser confederation of traffickers than Cali. What is commonly referred to as the Medellin Cartel is actually made up of approximately 200 individual trafficking groups which ally themselves in order to coordinate different phases of cocaine production, transportation and distribution. The heads of the cartel are believed to be Pablo Escobar Gaviria, Jorge and Fabio Ochoa and Jose Gonzalo Rodriguez Gacha. The alliance of these 200 groups is forged through mutual benefit rather than coercion. As one former drug trafficker told the staff, there is no need to coerce, "because there is room for everybody in the market." Insurance on loads offered by Escobar and others serves as a financial incentive for traffickers to coordinate and cooperate with them.

The Medellin cartel has operated several laboratories in joint venture style, that is, the laboratory complex is partly owned by several traffickers. This is done in the interest of limiting potential losses. Tranquilandia, a huge 14-lab complex, which was raided by Colombian government authorities in March of 1984, is an example of this joint ownership. Documents collected at the laboratory showed several narcotics traffickers linked to the lab, among them Jose Rodriguez Gacha, Pablo Escobar, Jorge Ochoa and Evaristo Porras. The staff interviewed several insiders and officials who confirmed that the cartel continues to share some laboratory facilities, in addition to others which are individually owned.

Medellin traffickers have been both more high profile and more violent than those from Cali. It is believed, for example that virtually all drug-related assassinations of Colombian government officials have been carried out at the direction of the Medellin cartel. This has been the modus operandi of the

Medellin traffickers since the mid-1970's, following the lead of Pablo Escobar who killed all witnesses in the narcotics case brought against him in 1976, causing the charges to be dropped. This method has been particularly successful in Colombia because the Colombian justice system relies heavily on witnesses rather than physical evidence.

Historically, Medellin-affiliated traffickers have been active in the political arena. Pablo Escobar was an elected alternate representing Medellin from 1982-1984. Escobar campaigned on a platform of promises to clean up the poor neighborhoods of Medellin. Rodriguez Gacha, who is currently considered to be the most powerful among the ruling triumverate, also has a political agenda which he is attempting to impose on Colombia. Officials in Colombia told the staff that Gacha has vowed to rid Colombia of all left-wing politicians and guerrilla groups. Persons affiliated with Gacha have started a political party called Morena, which is beginning to insert itself into the legitimate political arena.

Carlos Lehder, formerly affiliated with Medellin traffickers, now serving a life sentence in the United States, started his own political party called the National Latin Movement. As recently as August 23, 1989, a group calling themselves the "extraditables," but widely believed to be led by key figures in the Medellin cartel, declared all out war against the Colombian government. Members of the Medellin cartel have also tried to negotiate an amnesty directly with the Colombian government. This approach is very different from the Cali traffickers who are active in the political arena only through their surrogates.

Medellin traffickers are characterized as being much more hands-on than Cali bosses who prefer to remain at arms length. The top leaders of the Medellin cartel regularly inspect landing strips, visit laboratories and give instrctions directly to pilots. Staff was told, for example, of a phone conversation between Pablo Escobar and a distributor, in which Escobar began screaming about an inventory discrepancy of a single kilo in a particular shipment. Conversely, the one area in which the Medellin traffickers -- Pablo Escobar in particular -- place multiple layers between himself and the act is in ordering assassinations. One Colombian judge who had investigated murders ordered by Escobar said that Escobar used several layers of intermediaries to arrange the assassination. In some cases, these intermediaries are, themselves, killed after the assassination takes place.

The staff discovered that there is a certain fluidity in the structure of the various organizations which make up the Medellin cartel, particularly in the lower levels of the organization. Pilots, money launderers, and even distributors may work for more than one member of the cartel in sequence or even simultaneously. This leads to frequent shifts and realignments within the cartel. The mortality rate of those involved with the Medellin cartel also leads to changing alliances and organizations. For example, a feud between Pablo Escobar and Pablo Correa Arroyave led to Escobar having Correa Arroyave killed in 1984. Pablo Correa Arroyave was one of Pablo Escobar's original partners in the cocaine trade, along with a third partner named Pablo Correa Ramos. They called themselves "Los Pablos." Pablo Correa Arroyave was, in his own right, a major cocaine trafficker. But despite the assassination, the business alliance continues to this day between Escobar and Correa Arroyave's sons.

In general, geographic proximity seems to dictate alliances between trafficking groups. There are examples of persons who head trafficking groups, who start out in one part of the country and move their trafficking base to another part of the country. For example, Evaristo Porras, began in Leticia, in the Department of Amazonas, a town in the southern-most part of Colombia near the border with Peru and Brazil. He was always affiliated with Medellin traffickers and reportedly started out as a procurer of cocaine base. After establishing himself as a major trafficker in that region, he moved to central Colombia where he is now believed to reside in the Magdalena Medio region and Medellin. The Ochoa family, widely known as a leading family of the Medellin cartel, is actually originally from the city of Cali. Jorge Ochoa Vasquez was born in Cali.

THE CALI-MEDELLIN WAR

There is currently a dispute raging between the Cali and Medellin traffickers, the origins of which and dimensions of which are not clearly understood by U.S. and Colombian authorities. The preponderence of opinion is that the dispute was started over the arrest of Jorge Ochoa at a roadblock in the vicinity of Cali, Colombia in December of 1986. The fact that Ochoa allowed himself to be arrested by a municipal police officer is itself mysterious because at the time of his arrest, Ochoa's armed surveillance helicopter was circling above. However, he was arrested and jailed for some time in Cali, while the Cali traffickers apparently made no attempts, or at least no successful attempts, to have him released. What ensued was a series of strikes back and forth between Medellin and Cali, focusing mainly on the associates and properties of Pablo Escobar of Medellin and Gilberto Rodriguez Orjuela of Cali. Many believe that the conflict between Medellin and Cali is, in essence, a conflict between these two traffickers, not withstanding the fact that the incident which supposedly sparked the conflict involved Jorge Ochoa.

Another theory posits that the conflict was started in a power struggle between Medellin and Cali over who would control distribution of cocaine in New York. According to this theory, with the profit margin per kilo of cocaine decreasing, the more aggressive members of the Medellin cartel were attempting to expand their markets. New York has traditionally been dominated by the Cali cartel but has recently received increased shipments of cocaine from Medellin traffickers.

Whatever the cause it is clear that there is a conflict in Colombia. There have been frequent bombings of branches of the drug store chain, Drogas La Rebaja, which are owned by Rodriguez Orjuela. Pablo Escobar's apartment was bombed in 1988. A helicopter carrying arms and men crashed in the vicinity of Pablo Escobar's Hacienda Napoles, supposedly on its way to carry out an attack on Escobar in 1989. A survivor of the crash told the media that the mission was ordered and funded by the Cali cartel. Other persons were arrested in Miami while attempting to smuggle arms out of the country which were, according to Custom's officials, ordered by Cali traffickers to be used in an attack on Pablo Escobar.

In addition to the major cartels, there are secondary trafficking groups which provide services to the two major cartels, such as storage facilities, landing strips, safe staging and departure areas. They charge the user a landing and fuel fee as well as a storage fee if the trafficker does not have his own storage facility. In August 1989, the Colombian police raided one of these underground storage facilities and seized 4,000 kilos of cocaine.

The North Coast trafficking groups, many of which were primarily marijuana traffickers during the early 1970's, provide a variety of services to some Medellin-affiliated groups as well as some Cali-based traffickers. These North Coast trafficking groups also conduct their own narcotics activities and sometimes piggyback onto the larger Medellin cartel when it is in their economic interest to do so.

The larger traffickers, specifically Pablo Escobar and Rodriguez Gacha, offer insurance to the smaller groups or individual traffickers who are allowed to piggyback on large shipments which they have organized to transport to the United States. If the load is lost or seized, they will guarantee 100 percent replacement of the cocaine. One U.S. government official said that Gacha even offers to replace the lost load with cocaine which is stockpiled in the United States. In addition to insurance, the Medellin cartel traffickers will allow (for a fee) smaller traffickers to piggyback on large shipments which they have organized to transport to the United States. In this way, the larger traffickers make money, not only from their sales of cocaine in the United States, but from smaller traffickers attempting to enter the business. The staff found little evidence of efforts made by the larger traffickers to force smaller smugglers to buy insurance or use their transportation services. The incentive to do so seemed to be primarily financial.

The degree of vertical integration within these trafficking groups is disputed. Some U.S. law enforcement officials characterized the businesses as very loosely organized. Other law enforcement officials believed that each group functions more or less like a corporation with departments, each of which conducts a specialized function. The larger the trafficker, the more vertically integrated the business will be. It seems very clear that the larger traffickers all have their own laboratories, or at least are part owners of laboratories, as well as their own pilots and distribution networks in the United States.

It is widely believed by U.S. law enforcement officials that, within a particular cartel, some trafficking groups excel at certain services. For example, the Ochoa family is reputed to have the best-established transportation networks and was also responsible for buying influence. Pablo Escobar is thought to specialize in providing security for the organization. Certainly Escobar has been charged with responsibility for assassinations in Colombia more often than any other major traffickers. Gilberto Rodriguez Orjuela, one of the most important traffickers in Cali, is reputed to be the financial brains behind the Cali organization, and to some extent, for Medellin as well when the two groups were more closely allied. Rodriguez was one of the owners of the First Americas International bank which was set up in Panama in the early 1980's for the purpose of laundering cartel profits. Rodriguez was also on the board of directors of the Banco de los Trabjadores in Colombia until 1982.

Despite some specialization, all the major traffickers are capable of conducting activities in all areas, from influence buying to money laundering to assassinations. The Cartels are set up as businesses which operate around windows of opportunity, and in that sense, are much more flexible than normal corporations. For example, if a trafficker on the North Coast buys off government officials in his area for a period of time, many of the traffickers will use that route as a point of embarkation for the U.S. One official told us that, for a period of time, Carlos Lehder served this function for the majority of Medellin-affiliated traffickers. During the time Lehder owned Norman's Cay in the Bahamas, many other traffickers used it as a transhipment point for cocaine and paid a fee to Lehder. Eventually Norman's Cay was closed down and the traffickers found other routes.

There is strong evidence that the trafficking groups attempt to coordinate activities through frequent meetings. Some of the persons we interviewed had been present at some of those meetings. Some of these meetings can be characterized as summits, like the one which took place in December of 1981 in Medellin in response to the kidnapping for ransom of Martha de Nieves Ochoa Vasquez, sister to Jorge Ochoa Vasquez, by M-19, a leftist guerilla group. This 1981 meeting is generally considered to have marked the beginning of organized coordination among the traffickers. Traffickers from all parts of Colombia attended. The number of major traffickers in attendance is cited as 223. At this meeting, money was collected from all traffickers which would be used for a general fund to combat terrorist and subversives who were kidnapping and extorting the traffickers. Reportly $7.5 million was collected at the initial meeting. An ad hoc group called MAS (Spanish acronym for Death to Kidnappers) was created to oversee the use of the money and activities. Several of the informants we interviewed allege that contributions are still required and are collected as deductions from money owed for drug shipments. This contribution is considered general protection money which is used to bribe officials, hire lawyers or take whatever steps are necessary to protect the traffickers' interests. In general the summit meetings, which gather all of the major drug lords in Colombia, are held in order to deal with threats from the outside. Smaller meetings are held to deal with day-to-day business coordination.

The meetings do not always take place in Medellin. During the 1982-85 period, traffickers frequently met in Panama. One person we interviewed said that the Medellin chiefs often met at their jungle estates in southern Colombia. These estates were considered more secure since they were not accessible by roads. The Cali traffickers have an annual meeting during the Christmas season where they bring in members of their organizations from the United States and Colombia. These annual meetings are a combination of business and pleasure. Often, famous entertainers are brought in to entertain at gala events held during this week-long corporate meeting.

Some individuals who work for these organizations perform specialized tasks. The traffickers divide their labor force by specialty. These include paste procurers, chemists, laboratory workers, transportation specialists, pilots, wholesale distributors, stash house keepers (for dollars and cocaine), enforcers, launderers, couriers, accountants and lawyers.

Persons do not generally change specialties, although they may work for different groups at different times in their careers.

The laboratory component has always suffered a high turnover mainly because the laboratories are often located in remote jungle areas. The people working at the labs live under physically difficult conditions, and are subject to raids by the authorities or indigenous insurgency groups. One person we interviewed, who had spent time in laboratory encampments, referred to the lab workers as "verdemanos" or green hands, because their hands become stained from working with the alkaloid and the chemicals. In the early 1980's, most of the labs were in the far eastern plains or "llanos" of Colombia or in the southern jungle area bordering Brazil, such as the departments of Caqueta and Amazonas. There are still labs in these regions but currently there are labs also in the Magdalena Medio region of Colombia. The appearance of labs in the Magdalena Medio region has coincided with the rise in that area of narcotics-affiliated, para-military groups.

The transportation component is extremely important to the traffickers and is also thought to be one of their most vulnerable areas.[8] Many of pilots used by the cartels are U.S. citizens and pilots are always in great demand. Pilots, even relatively new ones, are often brought to Colombia to meet the bosses of the organizations. This reliance on non-Colombians as pilots seems anomolous in organizations which otherwise rely on family members or trusted associates from their region of Colombia, but is necessary because American pilots have better technical know-how and skill, and they are more familiar with U.S. terrain. Also the transportation leg is the riskiest part of the operation, since the transporter is in close physical

[8] When we refer to transportation, we refer to the international rather than intra-Colombia leg.

proximity to the narcotics and travels through areas where there are high concentrations of law enforcement officials.

As mentioned earlier, Mexico is a popular transhipment point for cocaine destined for the U.S. The pilots fly the cocaine to Mexico where their planes are re-fueled, and fly on to the U.S. Another variation is to fly the cocaine to northern Mexico where it is stored and guarded by Mexican nationals who then transport it across the border back into Colombian custody. In the Los Angeles area, Mexicans or Mexican-Americans often provide the service of picking up the cocaine from planes which land in the desert east of Los Angeles.[9]

The final stage of the cycle is the distribution of narcotics in the United States. By and large, Colombians control the distribution system in the U.S. at the wholesale level. Each cartel group within Colombia has "managers" in the United States who oversees distribution of cocaine and collection of money for a particular area of the U.S. Each manager may oversee several distribution networks -- with each network organized by the manager's designee.

One such network, which was dismantled in Los Angeles by the F.B.I., was run by a Colombian, who worked for the Cali Cartel. This Colombian controlled a cell of 12 other Colombians and this cell was one of 25 which involved this particular distribution network. Several law enforcement agencies in Los Angeles estimated that there are approximately 4,000 Colombians in the

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[9] According to law enforcement officials, there are thousands of landing strips in the desert areas around Los Angeles. One Customs official offered a profile of the typical "ground crew" paid to meet the load of cocaine: one person sitting in a lawn chair in the middle of the desert near an empty riverbed. Attached to the lawn chair is a sock, which indicates wind direction. Parked near by is a Winnebago or some other large transportion vehicle.

Los Angeles area engaged in distribution of cocaine and laundering of drug profits.

At the lower levels, tasks become more compartmentalized and specialized. In Los Angeles, New York and Miami, persons were flown to the U.S. from Colombia solely for the purpose of serving as stash house keepers, or dollar couriers. These low-level workers are referred to as "mopes" by U.S. law officials because they know very little about the organization beyond the name and phone number of their immediate supervisor. Family members of stash house keepers are often kept in Colombia to ensure that the stash house keepers stay in line.

Regardless of their function, most Colombians working in distribution networks maintain close telephone contact with their employers in Colombia. Part of the profile developed in one jurisdiction to identify suspects included the deposit of seven quarters in a pay telephone, which was the amount necessary to call Colombia. One informant spoke of calling Colombia constantly to discuss the inventory of cocaine loads received.

Money laundering is another specialized task which is critical to running a successful narcotics business. All officials interviewed by the staff indicated that money operations are generally kept in a completely separate channel from the narcotics. Operation Polar Cap, which undercovered an intricate money laundering operation based in Los Angeles called "La Mina," was run by Armenians for the Medellin cartel. Polar Cap demonstrated that the Colombians are willing to go outside of their organizations to acquire money launderers.

CONCLUSION

In our examination of the structure of international drug trafficking groups, we found very widely divergent views on the organizational structure and operations of the international cocaine cartel.[10] Often this lack of knowledge is attributed to the purported fluid nature of these organizations, or to a claim that there are no defineable organizations as such. We found, however, that the complexity, size and sophistication of the major groups who transport and distribute cocaine in the United States strongly suggests an underlying organizational structure. The fact that there is little consensus about the basic framework of these organizations is due to two factors. First, insufficient effort has been devoted to collecting and analyzing the information available. Some of the available knowledge about drug trafficking organizations is never reported or recorded in any official channel. It is stored in the heads and desks of hundreds of U.S. agents and officials both in the U.S. and abroad. Another factor is the reluctance of agencies to share information, particularly that obtained from confidential informants. But not all can be blamed on interagency rivalry. The absence of any single entity tasked with collecting and analyzing drug related strategic intelligence has led to a gap in our knowledge. The intelligence portions of the Administration's drug strategy which contemplates establishing a center for strategic intelligence, would appear to be a good first step in correcting the problems we have identified. It seems clear that if the United States does not learn more about its drug enemies, it cannot hope to effectively combat them.

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[10] In one regional office of one government agency, we interviewed three different agents with extensive South American experience who offered three widely disparate views regarding the organizational structure and operation methods of the cartels.

Statement to Senate Committee on Governmental Affairs
Permanent Subcommittee on Investigations
12 September 1989
Bruce M. Carnes
Director, Office of Planning, Budget, and Administration
Office of National Drug Control Policy

Good Morning.

The war on drugs is being waged on many fronts, as outlined in the National Drug Control Strategy published last week. A central tenet of the Strategy is that there is no single tactic, no magic bullet in our arsenal that can win this war.

The metaphors of war do not fit well the tasks of altering the attitudes and motivations of Americans who would use illegal drugs. But the metaphors of war are fitting indeed when we talk about reducing the supply of illegal drugs coming into the United States from overseas. In fact, they are not metaphors at all, but concrete terms describing a deadly confrontation with an array of violent international criminal organizations bent on injecting poison into the body of America while extorting the financial fruits of American labor.

In any conflict, there are two questions that must be answered at the beginning:

-- Who is the enemy? and

-- What is our objective?

We talk about a "war on drugs," but we must be very clear that in fact "drugs" are not the enemy. The enemy is the organizations that produce cocaine and other dangerous drugs, transport it to our shores, distribute it to retailers and users throughout America, and launder the profits and return them to the organizations' coffers. And there are many such organizations, in many parts of the world, not just one or two easily identified "cartels."

And what is our objective? It is to put these organizations out of business, dismantle them.

In doing so, we must be certain not to confuse means with ends. Our objective is not to seize ever-greater quantities of illegal drugs. That is one means of helping attain our objective, by increasing the organizations' cost of doing business and disrupting their inventory flow. But it is not an end in itself.

Our objective is not to seize the assets of traffickers. That too is one means of helping attain our objective, by damaging the organizations' ability to do their business and to deprive them of their ill-gotten gains. But the seizure of assets is not an end in itself.

Our objective is not to throw people in jail. That also is one means of helping to attain our objective, by taking members of the organizations out of circulation. But the arrest of druggers is not an end in itself.

Valiant and dedicated people, in America and overseas, have scored major successes in seizing drug shipments, seizing traffickers' assets, and putting druggers in jail. But America's drug problem continues. It continues in part because we have not been waging war effectively enough against the drug producing and trafficking organizations.

To be more effective, we must first build an accurate, detailed understanding of each organization -- what in military terms is called the enemy order of battle. Who are the key people? What are their roles? Where are they located? How do they operate? How do they communicate?

How do they make decisions? Where are their critical production facilities located? How are their products transported and in what quantities? What front companies do they use? What banks do they use? How does their money flow?

Then, when we have a full picture of each organization, we can develop a comprehensive, integrated operational plan to attack it effectively, to exploit the several nodes that are both critical to the organization's operation and vulnerable to our attack.

This means that some new approaches are needed, and wider application needs to be made of approaches already used in some quarters, having implications for the ways in which we collect and analyze information about the drug organizations.

Historically, most crime in America has been perpetrated on a local geographic level by single offenders or small groups of offenders. Even what we call "organized crime" in many cases has consisted of organizations that have operated primarily within a single jurisdiction -- a single city area, for example. So it has been entirely natural that the information gathering to support law enforcement activities has also been highly localized.

But, of course, some criminal organizations have spanned multiple jurisdictions, extending overseas in the case of La Cosa Nostra, for example. In attacking such enterprises, especially over the past decade, the United States has developed highly sophisticated methods of collecting detailed information on criminal organizations and patiently piecing together bits of information over an extended period of time. This method, practiced by the FBI, is called the Racketeering Enterprise Investigation. It is directly applicable to our war against the major international drug organizations, and with some adaptations, could and should be more widely adopted throughout the anti-drug community.

There are several critical aspects to this approach that distinguish it from standard, localized investigations.

-- First, the target is the organization, in its totality, not just a single known individual or set of individuals.

-- Second, there is the willingness to invest time in the investigation, time that is required to penetrate the organization and to gather information from other investigative techniques, time to build a picture of the whole organization, not just one element of it.

-- Third, there is the willingness to forego the immediate gratification of arresting a known offender or seizing his assets, when those actions would alert the organization and make the task of destroying it more difficult.

-- Fourth, there is the keen recognition that money is critical to the success and survival of the target organization. Great attention is paid to how it handles its accounts, how it launders its profits.

-- Finally, there is the willingness to forego the "body count." Yes, this method is directed at arresting offenders. But they must be the key offenders, and all of them.

In bringing this approach to bear against the major drug trafficking organizations, we need to recognize that the major drug organizations are larger, more complex, and more threatening enemies than any one agency can handle. We must widen our approach beyond current single-agency . capabilities and responsibilities if we are to succeed.

As I have said, the critical first step is the development of comprehensive, detailed information about the organizations. This effort has several important attributes:

-- Appropriate law enforcement information in government hands must be brought to bear on the problem. Many pieces of the puzzle are already in the files at DEA, FBI, Customs, the U.S. Attorneys' offices, and at State and local law enforcement agencies. Some of this information must be protected from public disclosure or other misuse, but means to do this exist or can be developed. Useful models for the compartmentation and protection of particularly sensitive information exist in the foreign intelligence community.

-- New information must be collected and brought to bear on the problem. The gaps in our holdings on the key organizations must continually be analyzed and systematically filled, and all possible sources of law enforcement information must be tapped.

-- This information, once compiled, must be analyzed, producing detailed, complete pictures of each major organization. This will take time, expertise, and manpower, assisted wherever possible by advanced computer power and communications.

-- And once developed, this finished information must be available to every appropriate agency with a role to play in the attacks on the organizations.

The development of this information is a task beyond the power of any single agency. This reality, Mr. Chairman, is what has led us to propose the establishment of a National Drug Intelligence Center. As directed in the President's Strategy published last week, ONDCP will convene an interagency group to work out details, but the basic shape the Center must take is already clear:

-- It must be a bona fide common undertaking of a large number of agencies, not the exclusive preserve of any single Department. Justice and Treasury, and their component agencies, will be major players, but we must also draw upon expertise from Coast Guard and from elements outside law enforcement, especially the Defense Department.

-- The Center must be responsive to the National Drug Control Strategy, concentrating on building full pictures of the drug organizations, making use of all available information to do so. ONDCP therefore will take a central role in setting the Center's policies and priorities, ensuring that the expertise and concerns of all agencies are represented.

Mr. Chairman, let me summarize along the following lines:

-- The national war on drugs will be fought on many fronts. One of those fronts -- an important one, but far from the only one -- is the war on the drug producing and trafficking organizations.

-- Before it is possible to fight a major criminal organization, to destroy it, there must be an investment of time, resources, ingenuity, and patience in developing a complete picture of the enemy, to be certain that we are attacking the whole organization, not just a part, to be certain that we are attacking the organization's heart, not just its extremities.

-- No single agency of government is chartered or equipped to do the whole job of information development on international drug organizations. Information and expertise must be drawn from many quarters.

Mr. Chairman, this concludes my statement. I will be happy to answer any questions.

Statement

of

DAVID L. WESTRATE
Assistant Administrator for Operations
Drug Enforcement Administration

before

the

Permanent Subcommittee on Investigations
United States Senate

concerning

International Narcotics Trafficking Organizations

on

September 12, 1989

Chairman Nunn, Senator Roth, and Members of the Senate Permanent Subcommittee on Investigations: I appreciate this opportunity to appear before you today to discuss the trafficking syndicates that are primarily responsible for directing the flow of cocaine into the United States as well as for distributing it throughout our country.

The term "cartel" is more and more coming to describe two groups of Colombian drug traffickers: the Medellin and Cali Cartels, whose names are derived from the two Colombian towns where their operations are based. The Medellin and Cali Cartels are undoubtedly the most notorious of the trafficking syndicates. It is interesting to note that, a decade ago, the Ochoas were distributing kilogram quantities of cocaine in Miami. Today, the Ochoas are ranked by Forbes as the fourteenth-richest family in the world. With the other cartel heads, they are challenging one of the strongest democracies in Latin America.

A common theory on the formation of the Medellin Cartel is that it grew from the creation of the Muerte a Los Secuetradores (MAS), translated as "Death to the Kidnappers." MAS was organized in 1982 by drug trafficker Jorge Luis Ochoa-Vasquez in response to the kidnapping of his sister by the M-19, a Colombian terrorist group. Ochoa summoned the heads of established drug trafficking organizations based in Medellin, Cali, Leticia, Bogota, Cartagena, Barranquilla, and Santa Marta. They agreed to provide either money, manpower, arms, equipment, or media coverage to combat the M-19. As a result of this cooperative effort, Ochoa's sister was ultimately freed, and the Medellin Cartel was born.

Today, the controlling members of the Medellin and Cali Cartels monopolize the cocaine business throughout the world. These organizations extend throughout Latin America, Europe, and the United States. There are roughly 24,000 names of individuals and businesses associated with these two cartels.

The principal members of the two cartels provide major links that enable these organizations to manage all aspects of the cocaine trade -- from coca cultivation and cocaine hydrochloride production to security; from transportation and distribution to money laundering. As in a legitimate business structure, the Medellin and Cali Cartels have investors, bankers, lawyers, logistics experts, exporters, importers, chemists, wholesalers, and retailers.

Both of these cartels contain various sections, each with a separate function. In addition to promoting efficiency, these individualized sections help to protect the organization. For example, few members of one section are aware of the others involved. Therefore, the loss of one member or even an entire section does not threaten the stability of the overall organization. Additionally, this structure serves to distance the actual heads of the organization from the physical mechanics of cocaine trafficking.

To date, these cartels have been responsible for the murder of over 4,000 members of Colombian society. Besides presidential candidate Luis Carlos Galan, their hit list has included an attorney general and a minister of justice, as well as fifty judges, numerous journalists and businessmen, and hundreds of law enforcement officers and other officials. They have stymied DEA's efforts in Bogota by threatening any police officer that cooperates with DEA and by killing any informant that is identified.

One of the primary ways in which the Drug Enforcement Administration is targeting these and other significant drug trafficking organizations is through our Special Enforcement Operations (SEO) Program. Under the umbrella of these long-term operations, hundreds of individual cases are being conducted, substantial amounts of drugs are being seized, and numerous individuals are being arrested. It should be pointed out that these SEO's do not end with a "round up"; rather, they are highly dynamic operations that continue and develop until a specific drug problem has been solved.

Operation Bolivar targets the Medellin Cartel. Bolivar involves 15 countries, 51 DEA offices, 201 investigations, and 80 informants. Operation Calico targets the Cali Cartel and involves ten countries, 56 DEA offices, 170 investigations, and

84 informants. The cadres of SEO informants supply information concerning cartel members operating at all levels in South America, Europe, and the United States. In foreign situations, DEA relies upon a close working relationship with the host country government to pursue drug law enforcement activities.

Within the United States, DEA develops intelligence that identifies cartel members who are importing and distributing cocaine at multi-kilogram levels. This intelligence is used in conjunction with traditional enforcement methods to arrest as many cartel members as possible and to seize substantial quantities of cocaine. We also conduct financial investigations targeting the cartels' cash and drug-related assets.

The success of these strategies is substantiated by arrest and seizure statistics generated by Operation Bolivar and Operation Calico. As of July 1989, SEO Bolivar has been responsible for the seizure of over 58,000 kilograms of cocaine hydrochloride (HCl), almost 15,000 kilograms of cocaine base, and over 63,000 kilograms of coca leaves. Also seized were almost 900,000 gallons of precursor chemicals and $23 million in U.S. currency. To date, 749 members and associates of the Medellin Cartel have been arrested.

At the beginning of this year, as a result of SEO Bolivar, 25 base and cocaine HCl laboratories were seized and destroyed in Colombia. The solvents confiscated from these laboratories would have manufactured approximately 88 metric tons of cocaine HCl. And, just last month, five major laboratory complexes were seized and destroyed in Colombia. Over 1,200 kilograms of cocaine HCl were confiscated as well as one-half million gallons of chemicals, enough to produce about 125 metric tons of cocaine HCl.

As of July 1989, SEO Calico has been responsible for the seizure of over 43,000 kilograms of cocaine HCl and over 1,300 kilograms of cocaine base. Also seized were $58.7 million in U.S. currency and property valued at $7.9 million. To date, 380 members and associates of the Cali Cartel have been arrested.

The arrests, seizures, and the destruction of processing facilities are believed to have had an impact on the cartels. Most importantly, Operations Bolivar and Calico have been responsible for the indictments against the cartel heads which will make it possible to bring these criminals to justice when they are apprehended and extradited. Current events now make this possible.

Some have said that it will make no difference to put these kingpins away, that others will only take their place. I am here today, Mr. Chairman, to say that it will make a difference. And that difference will be substantially reinforced by the other major initiatives now underway to disrupt all facets of the cartels' operations.

As you are aware, Operation Snowcap is now fully operational in the coca source areas. It has the potential to curtail the supply of coca reaching the cartels for processing and shipment to the United States. At present, Snowcap operations are being conducted with law enforcement officials in 12 Latin American countries. DEA personnel act as advisors, and INM provides support and U.S. mission coordination with the host government. Other U.S. agencies also participate. The U.S. Coast Guard and the U.S. Border Patrol act as advisors for riverine and road operations. The Department of Defense provides training and logistical support. The strategy is designed to extend to other Latin American countries a variety of interrelated aerial, waterway, and ground enforcement/reduction programs that were proven to be highlv successful during late 1986 in coca reduction efforts under Operation Stop Prop/Blast Furnace in Bolivia.

Increasingly, we are also taking measures to strike at the heart of the cocaine cartels by confiscating their money and goods. For example, earlier this year, DEA, working with the Federal Bureau of Investigation, the Internal Revenue Service, the U.S. Customs Service, and elements of the Department of Justice, with the assistance of numerous state, local, and foreign law enforcement agencies, concluded what Attorney General Thornburgh termed "the largest money-laundering crackdown ever carried out by the federal government." Operation Polar Cap led to the destruction of a money-laundering enterprise called "La Mina" that handled $1.2 billion in illicit drug profits belonging to the Medellin Cartel. "La Mina" spanned nine cities across the United States, as well as England and several countries in Latin America.

Operation Polar Cap resulted in the seizure of more than one ton of cocaine; the confiscation of $92 million in cash, jewelry, and real estate; and the indictment of 127 individuals. One of those indicted, Eduardo Martinez Romero, was recently captured and extradited to the United States by Colombian authorities. He is charged with moving drug profits out of the United States through the use of almost instanteous electronic transfers between banks accounts in this country and abroad.

In addition, we have Special Enforcement Operations to immobilize other major Latin American trafficking syndicates which may contribute to the strength of the cartels. SEO Columbus targets the controllers of cocaine traffic in Mexico. Intelligence indicates that some Colombian cocaine trafficking organizations have aligned themselves with Mexican traffickers to take advantage of the Mexican traffickers' heroin and marijuana smuggling and distribution networks already in place in the United States. In other instances, Colombian trafficking organizations operate independently in Mexico. SEO Columbus is tasked with initiating and coordinating all DEA investigations involving Mexican cocaine trafficking. Currently, SEO Columbus, which involves 5 countries and 28 DEA offices, is coordinating 197 active cases.

This past April, the reputed mastermind of Mexico's drug pipeline to the United States, the notorious drug trafficker Miguel Felix-Gallardo, was apprehended by Mexican authorities. Gallardo headed an organization that reportedly shipped, on a monthly basis, up to two tons of cocaine into the United States. Seizures of Gallardo's personal assets may total over $1 billion.

We are also targeting the top echelons of other international drug enterprises. DEA informants have identified Julio Nasser-David of Colombia as one of the largest marijuana traffickers in the world. Nasser is alleged to have an estimated $1 billion in Swiss and Panamanian bank accounts. Mentioned in over 100 DEA files, Julio Nasser-David has also been involved with several large shipments of cocaine as well as with the production and shipment of Colombian hashish and hashish oil.

Even our joint investigations with state and local law enforcement authorities are targeting these cartels. Last December, a confidential source informed the New York Joint Task Force (NYJTF) that persons associated with a local furniture company were involved in cocaine distribution on behalf of the Cali Cartel in New York City. NYJTF agents conducted a surveillance of the company and consequently executed a warrant to search a warehouse and residence. They discovered and confiscated $19.7 million in U.S. currency as well as a number of detailed Cali ledgers.

And, new legislation is making it increasingly more difficult to obtain essential chemicals necessary to produce illicit drugs. With passage of the Chemical Diversion and Trafficking Act of 1988, drug enforcement efforts have been greatly enhanced. DEA is now able to monitor and verify the movement of selected shipments through various domestic ports of entry. Import/export declarations for chemical shipments are reviewed and appropriate follow-up investigations are conducted on questionable shipments. These measures are enabling DEA to develop vital intelligence data on chemical diversion that is critical to drug enforcement investigations.

Mr. Chairman, at this time I would like to give you a brief biographical sketch of those major Colombian drug cartel figures who are fugitives from indictments based on DEA investigations.

Pablo Emilio Escobar-Gaviria is a DEA fugitive based on indictments in multiple judicial districts. Escobar, a former alternate senator from Medellin, Colombia, is reportedly the most powerful of the Colombian cocaine traffickers. He is a key member in the Medellin Cartel. Escobar's group was among the first to organize a corporate-like structure, dispatching representatives or "managers" to U.S. cities to establish various regional distribution networks.

Escobar's organization is responsible for the production, transportation, and distribution of cocaine into the United

States. One of his primary transshipment points is Mexico. Some cocaine controlled by Escobar is reportedly being shipped to Europe.

Escobar has been credited with involvement in the murder of several Colombian government officials including Rodrigo Lara Bonilla in 1984, for which Escobar was indicted in October of that year. In 1986, he was indicted in Colomoia for the murder of a newspaper owner. The judge in this murder case has been in hiding in the United States due to death threats received, reportedly, from Escobar. Escobar has threatened other Colombian officials as well as U.S. Government officials and DEA agents.

Gustavo de Jesus Gaviria-Rivero is a DEA fugitive based on indictments in multiple jurisdictions. Gaviria, originally from Envigado, Colombia, has been involved in drug trafficking to the United States since the early 1970s. He is a key figure in the Medellin Cartel.

Gaviria was implicated in the murders of two Colombian policemen. Additionally, he was arrested in the Bahamas for transporting marijuana in January 1981. Gaviria reportedly has laundered illegal drug profits through purchases of real estate in the United States and internationally.

Gaviria and Pablo Escobar often are reported to operate a single smuggling organization with Gaviria functioning as the financial planner. It is believed, however, that Gaviria continues to maintain separate cocaine distribution networks in the United States, primarily along the East Coast.

Jorge Luis Ochoa-Vasquez is a DEA fugitive based on indictments in multiple judicial jurisdictions. Ochoa is a key figure in the Medellin Cartel. For over a decade, he personally has been involved in each aspect of the drug business, emerging from the role of a participant in a 60-pound cocaine delivery in 1977 to that of part owner of the largest cocaine processing complex identified to date, Tranquilandia, from which 10 tons of cocaine were seized in 1984. Ochoa primarily oversees the transportation end of the trade, exercising direct control over distribution networks identified in Florida, California, and New York.

Ochoa has been able to elude extradition to the United States. He was arrested in Madrid, Spain in November 1984, and subsequently was extradited to Colombia in July 1986. In August 1986, Ochoa was released from prison in Colombia after paying a fine for "criminal activities." In June 1987, the Colombian Supreme Court declared the ratification of the extradition treaty with the United States to be invalid. Ochoa was arrested again in November 1987 in Colombia, only to be released one month later, reportedly having served his time on bull importation charges.

Fabio Ochoa-Vasquez is also a DEA fugitive based on indictments in multiple jurisdictions. Fabio Ochoa, the youngest of the Ochoa-Vasquez brothers, has been described by various cooperating individuals as irresponsible, eccentric, and emotional. When his brother Jorge was imprisoned in Spain in 1984, it was Fabio Ochoa who reportedly took control of the family drug business in Jorge's absence.

When Jorge was arrested in November 1987 in Colombia, Fabio reportedly concentrated his efforts on obtaining Jorge's release from prison. Fabio Ochoa has been associated with assassinations and murders.

Juan David Ochoa-Vasquez, another DEA fugitive, is the brother of Jorge Luis and Fabio Ochoa-Vasques. He has maintained a lower profile than either of his brothers. Juan David has been documented as being the co-owner of cocaine laboratories in Colombia. In addition to being involved in the financial end of the family's drug business, he is also directly involved in the smuggling of narcotics into the United States.

Jose Gonzalo Rodriguez-Gacha is a DEA fugitive based on indictments in multiple jurisdictions. Rodriguez-Gacha, aka "El Mexicano," is a leading member of the Medellin Cartel, and heads an international cocaine production and distribution organization based in Bogota, Colombia. Rodriguez-Gacha's role as a member of the cartel is to oversee the cocaine laboratories where the cocaine is produced and to oversee the transportation of the cocaine from the laboratories to various areas in Colombia.

Rodriguez-Gacha controls most of the cocaine trafficking in the areas of Bogota and Bucaramanga. The majority of his cocaine is transported via air through Mexico and into the Los Angeles area where it is transshipped to various parts of the United States. Rodriguez-Gacha's organization is reponsible for sending multi-hundred kilogram quantities of cocaine to the United States on a weekly basis. He has organized a paramilitary force that is responsible for the security of cocaine laboratories as well as debt collections and assassinations.

Jose Santacruz-Londono is also a DEA fugitive. Santacruz, of Cali, Colombia, is one of the premier drug traffickers in the world and one of the heads of the Cali Cartel. Santacruz has operated a large-scale cocaine trafficking network since 1975. The Santacruz organization operates in the United States primarily in New York, Miami, Los Angeles, San Francisco, Houston, Las Vegas, and Chicago. Principal transportation methods include private aircraft and containers, and hollowed-out wood cargo shipments. These have carried multi-ton quantities of cocaine into the United States from South American and Central American transshipment points. Santacruz utilizes well-structured money laundering mechanisms to move his profits.

Gilberto Rodriguez-Orejuela is a DEA fugitive based on indictments in multiple jurisdictions. Rodriguez is a major cocaine trafficker who, with his brother, Miguel, is a significant figure in the Cali Cartel. These brothers co-own Drogas La Rebaja, a chain of discount drug stores in Colombia. Rodriguez oversees the logistics of the organization's cocaine smuggling and money laundering operations. He is believed to launder his money proceeds (approximately $10 million/month) through various banks in Panama.

Miguel Rodriguez-Orejuela, a DEA fugitive, has been involved in drug trafficking activities since 1980. He ostensibly operates legitimate businesses that control a network of banks, real estate, and construction firms in Colombia. It is believed that Miguel Rodriguez maintained the daily operations of the narcotics business when his brother Gilberto was incarcerated in Madrid, Spain in 1984. Miguel Rodriguez was once the vice president of the First Interamericas Bank, Panama City, Panama.

Jamie Raul Orjuela-Cabellero is also a DEA fugitive. Orjuela, of Cali, Colombia, has reportedly been involved in drug trafficking since the 1970's. A key figure in the Cali Cartel, Orjuela allegedly controls cocaine distribution to the United States, primarily in the New York area.

Jose Ivan Duarte-Acero, another DEA fugitive, is an ex-National Police lieutenant who was dismissed from the

Colombian police (date unknown) for his involvement in drugs and other corruption allegations. He is wanted for the alleged kidnapping and attempted murder of two DEA agents in February 1982, in Cartagena, Colombia.

Gerardo Moncado is a DEA fugitive and a co-defendant in Operation Polarcap. Moncado, aka Luis Garces Restrepo, Don Chepe, Chepe, and Kiko, is an alleged money collector for drug traffickers.

Mr. Chairman, in conclusion, I would just like to emphasize one point. What these cocaine kingpins want is a safehaven where they can continue to operate, where they can continue to transport their poison to this country. We must make sure they don't get what they want. It is critical that we do everything possible to bring an end to their worldwide drug trafficking enterprises. It is imperative that we bring these criminals to justice.

I will be pleased to answer any questions you may have at this time.

OPENING STATEMENT
OF
WILLIAM M. BAKER
ASSISTANT DIRECTOR
CRIMINAL INVESTIGATIVE DIVISION
FEDERAL BUREAU OF INVESTIGATION
BEFORE AN OPEN SESSION
COMMITTEE ON GOVERNMENTAL AFFAIRS
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
UNITED STATES SENATE
WASHINGTON, D.C.
SEPTEMBER 12, 1989

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS THE FBI'S ROLE IN IDENTIFYING, INVESTIGATING AND DISMANTLING COLOMBIAN DRUG-TRAFFICKING ORGANIZATIONS.

IN ORDER TO MORE CLEARLY ILLUSTRATE THE OPERATION OF COLOMBIAN DRUG CARTELS, I HAVE BROUGHT A SERIES OF CHARTS DEPICTING THE OPERATION OF FOUR COLOMBIAN CARTELS OPERATING IN THE UNITED STATES. THESE VISUAL AIDS HAVE BEEN DESIGNED TO ILLUSTRATE THERE IS A SIMILARITY TO INTERNATIONAL BUSINESS CONGLOMERATES. THE SIMILARITY OF FORM IS NOT MERELY ACCIDENTAL, NOR IS THE FUNCTION. COLOMBIAN "CARTELS" HAVE BECOME ILLEGAL INTERNATIONAL COMBINES CAPABLE OF REGULATING PRICES AND CONTROLLING THE PRODUCTION OF ONE OF THE MOST DEADLY ORGANIC PRODUCTS TO REACH OUR SHORES IN DECADES--COCAINE.

THERE HAVE BEEN SCORES OF "FICTIONAL" ACCOUNTS WRITTEN ABOUT INTERNATIONAL BUSINESS CONGLOMERATES CONTROLLING NATIONAL ECONOMICS. WHAT THE WORLD HAS BEEN WATCHING AND READING THESE PAST FEW WEEKS IS NOT FICTION. COCAINE CARTELS HAVE VIRTUALLY DESTABILIZED AN ENTIRE SOUTH AMERICAN COUNTRY. THE RULE OF LAW IN COLOMBIA IS IN SERIOUS DANGER OF BEING SUBMERGED BENEATH A SEA OF COCAINE. THE UNITED STATES HAS ALREADY COME FORWARD WITH A PACKAGE OF AID, INCLUDING EQUIPMENT AND TRAINING TO ASSIST COLOMBIA DURING THIS CRISIS. WHAT WAS ONCE FICTION IS NOW FACT. WHAT WAS ONCE A NATIONAL WAR ON DRUGS IS NOW A WORLD WAR. THE FBI HAS A SIGNIFICANT ROLE IN THIS WAR. WITH THE SUPPORT OF CONGRESS WE WILL CONTINUE TO BE IN THE BATTLE, ON THE FRONT LINES.

FROM THE GROWING OF CROPS IN THE UPPER HUALLAGA VALLEY OF PERU TO THE DISTRIBUTION OF CRACK COCAINE ON THE STREETS OF WASHINGTON--USING METHODS SOMETIMES OBVIOUS AND SOMETIMES SUBTLE--COCAINE PRODUCTION AND DISTRIBUTION IS ECONOMICALLY REGULATED BY THESE CARTELS. AS A GROUP, COLOMBIAN COCAINE CARTELS FORM ONE OF THE PUREST GLOBAL MONOPOLIES IN OPERATION TODAY.

THE FBI ENTERED THE "DRUG WARS" AT THE BEHEST OF ATTORNEY GENERAL WILLIAM FRENCH SMITH IN 1982. THIS COUNTRY'S PREMIER FEDERAL INVESTIGATIVE AGENCY, THE FBI WAS EXPECTED TO APPLY OUR KNOWLEDGE AND EXPERTISE IN ATTACKING ORGANIZED CRIME ENTERPRISES AND WHITE-COLLAR CRIME SYNDICATES TO THE EVER-EXPANDING COLOMBIAN AND OTHER DRUG ORGANIZATIONS.

IN 1982 AND 1983, THE FBI RECEIVED APPROPRIATIONS FOR LESS THAN 400 AGENTS TO ENTER THE WAR ON DRUGS. OUR INTELLIGENCE BASE ON DRUG TRAFFICKERS AND THEIR ORGANIZATIONS WAS SPARSE. YET THE FBI WAS TO BRING ITS INSTITUTIONAL SKILLS IN CONDUCTING LONG-TERM, COMPLEX INVESTIGATIONS USING OUR MOST SOPHISTICATED ELECTRONIC AND PHYSICAL SURVEILLANCE TECHNIQUES AND UNDERCOVER OPERATIONS TO BEAR ON COLOMBIAN CARTELS.

WHAT WE FOUND IN THOSE EARLY YEARS WAS NOT WHAT WE HAD EXPECTED. COLOMBIAN AND SOUTH AMERICAN DRUG TRAFFICKERS HAD NOT BEEN ASSIMILATED INTO AMERICAN CULTURE. OUR AGENTS COULD NOT FIND THE LEADERSHIP OF THESE CARTELS HOLDING COURT EACH DAY ON PRESIDENT STREET IN BROOKLYN OR MULBERRY STREET IN MANHATTAN. THEIR TURF WAS THE FAR AWAY VILLAS OF MEDELLIN AND CALI. THE

CHAIN OF COMMAND WAS NOT A SINGLE STRAND, THE HIERARCHY WAS BLURRED, AND THE LANGUAGE FORMED A NEARLY IMPENETRABLE WALL. THE TECHNIQUES AND EXPERTISE WE HAD SO SUCCESSFULLY EMPLOYED TO DISMANTLE LA COSA NOSTRA (LCN) WOULD BE JUST AS EFFECTIVE HERE, BUT WOULD REQUIRE MODIFICATION TO FULLY ADDRESS THE VULNERABLITIES OF THIS NEW TARGET.

THE ENEMY HAD CHANGED. FROM ALL OUTWARD APPEARANCES, COLOMBIAN COCAINE TRAFFICKERS WERE RADICALLY DIFFERENT. INHERENT CULTURAL DIFFERENCES WERE EVEN MORE ACUTE. THE MEANS OF ENFORCEMENT AND RETRIBUTION WERE NO LESS VICIOUS FOR COLOMBIANS THAN THEY WERE FOR THE LCN. EVERY CONCEIVABLE METHOD OF MURDER AND TORTURE HAD BEEN USED BY BOTH, BUT THE VICTIMS WERE DIFFERENT. A RENEGED SALE OR THE THEFT OF PRODUCT BROUGHT AN ORDER FROM THE COCAINE ORGANIZATION THAT WOULD OBLITERATE AN ENTIRE FAMILY--NOT JUST A BOSS, BUT HIS WIFE, CHILDREN, BROTHERS, SISTERS AND PARENTS. THESE "CONTRACTS" CROSSED INTERNATIONAL BORDERS AS EASILY AS LCN "HITS" CROSSED NEIGHBORHOODS IN NEW YORK.

THE VICTIMS WERE NOT THE ONLY DIFFERENCE--THE BOSSES WERE DIFFERENT. VERONICA RIVERA DE VARGAS AND GRISELDA BLANCO, ONCE CALLED THE "GODMOTHER," WERE NOT UNASSUMING WIVES AND MOTHERS OF COCAINE BOSSES--THEY WERE COCAINE BOSSES. COCAINE PRODUCTION, TRANSPORTATION AND DISTRIBUTION WERE "FAMILY BUSINESSES" FORGED WITH LINKS OF BLOOD RELATIONSHIPS IN TOWNS AND HAMLETS WHERE EVERYONE WHO WAS NOT BORN AND RAISED THERE WAS A STRANGER.

AT FIRST, THE FBI FOUND THE COCAINE CHAIN TO BE TOO FINE AND THERE WERE GEOGRAPHICAL LIMITATIONS. THE DRUG CULTURE CLOSED AROUND THE CARTELS, INSULATING THEM FROM FBI PENETRATION. BUT THEY WERE DRIVEN BY GREED AND THE PHENOMENAL WEALTH OF THE DRUG TRADE. THE CARTELS FORMED IN COLOMBIA OPENED BRANCH OFFICES IN THE UNITED STATES--IN FLORIDA. THEY COULD NO LONGER EMPLOY ONLY FAMILY, FRIENDS, AND NEIGHBORS FROM THE OLD COUNTRY AT ALL LEVELS OF THE BUSINESS. IT WAS IN 1985 THAT THE FBI BEGAN TO DEVELOP THE INTELLIGENCE BASE THAT MADE POSSIBLE THE IDENTIFICATION OF THE CARTELS TO INCLUDE THEIR STRUCTURE AND METHODS OF OPERATION.

OUR INTELLIGENCE BASE WAS DEVELOPED AND ANALYZED BY THE FBI'S JOINT DRUG INTELLIGENCE GROUP IN MIAMI AND OUR DRUG INTELLIGENCE UNIT AT FBI HEADQUARTERS. BOTH OF THESE ENTITIES WORKED WITH DRUG ENFORCEMENT ADMINISTRATION AT THE FIELD AND HEADQUARTERS LEVELS IN PRODUCING THIS INTELLIGENCE DATA.

THE JOINT DRUG INTELLIGENCE GROUP HAS IDENTIFIED OVER 200 COLOMBIAN IMPORTATION/DISTRIBUTION GROUPS OPERATING IN MIAMI AND OTHER PARTS OF THE UNITED STATES THROUGH THE USE OF FBI-RACKETEERING ENTERPRISE INVESTIGATIONS, OR REIS. REIS ARE UNIQUE TO THE FBI AND ARE INVESTIGATIONS DESIGNED TO IDENTIFY SPECIFIC ORGANIZATIONS REASONABLY BELIEVED TO BE INVOLVED IN CRIMINAL ACTIVITIES--IN THIS CASE, DRUG TRAFFICKING. IN ADDITION TO MIAMI, THE FBI IS CURRENTLY OPERATING 30 REIS COLLECTING INTELLIGENCE ON COLOMBIAN AND OTHER DRUG-TRAFFICKING ORGANIZATIONS.

THE MIAMI JOINT DRUG INTELLIGENCE GROUP IS COMPOSED OF

AGENTS AND ANALYSTS DEDICATED EXCLUSIVELY TO DEVELOPING, DEBRIEFING AND DIRECTING SOURCES OF DRUG INTELLIGENCE INFORMATION OVER THE LONG TERM. PROTECTION OF THE SOURCE OF INFORMATION IS PARAMOUNT AS ARE OUR EFFORTS TO TARGET THE TOP ECHELON OF DRUG ORGANIZATIONS. LONG-TERM CASES WHICH PRODUCE CONTINUING INTELLIGENCE DATA THAT CAN BE USED TO DISMANTLE WHOLE ORGANIZATIONS ARE FAVORED OVER BUY-BUST TYPE CASES. IT IS CLEARLY APPARENT THAT ABSENT THIS DEDICATION TO LONG-TERM ORGANIZATIONALLY FOCUSED INVESTIGATIONS, THE CONTINUAL ARRESTS OF LOW LEVEL NONCRITICAL CARTEL EMPLOYEES AND THE DAILY SEIZURE OF MULTIHUNDRED KILOGRAMS QUANTITIES OF COCAINE DO NOT SIGNIFICANTLY AFFECT THE ABILITY OF THE CARTELS TO OPERATE. TO THE CARTELS, THESE ARRESTS AND SEIZURES ARE MERELY THE COSTS OF DOING BUSINESS. COSTS THEY HAVE PROVEN THAT THEY ARE WILLING TO PAY AND WHICH STILL ALLOW THEM ENORMOUS PROFITS.

THE DRUG INTELLIGENCE UNIT AT FBI HEADQUARTERS IS A CLEARINGHOUSE FOR FBI FIELD DATA PRODUCED BY THE JOINT DRUG INTELLIGENCE GROUP AND OTHER INTELLIGENCE INITIATIVES IN FBI FIELD OFFICES. FBI AND DEA INTELLIGENCE DATA IS REVIEWED, ANALYZED AND THE DATA INCORPORATED INTO COHERENT, INTELLIGENCE REPORTS. THESE INTELLIGENCE REPORTS ARE SUITABLE FOR USE IN OVERSIGHT, MANAGEMENT, TREND PROJECTION AND OPERATIONAL SUPPORT TO BOTH FBI AND DEA FIELD PERSONNEL. THE DRUG INTELLIGENCE UNIT HAS DEPLOYED 15 SPECIALLY TRAINED, PROFESSIONAL INTELLIGENCE RESEARCH SPECIALISTS AT OUR HEADQUARTERS. WE ARE IN THE PROCESS OF PROVIDING SIMILARLY TRAINED AND EXPERIENCED PERSONNEL TO OUR

PRIMARY DRUG INVESTIGATIVE FIELD OFFICES. IT IS THE FUNCTION OF THESE SPECIALISTS TO DRIVE THE INTELLIGENCE ANALYTICAL PROCESS IN THE FIELD BY CONDUCTING AFTER-CASE REVIEW AND ANALYSIS OF SOURCE INFORMATION TO PRODUCE OPERATIONAL AND STRATEGIC INTELLIGENCE REPORTS.

IN ORDER TO COMPLETE THE CIRCLE OF DRUG INTELLIGENCE ANALYSIS, THE FBI HAS DEVELOPED THE COMPUTER CAPABILITIES NECESSARY TO SUPPORT THE HUMAN EFFORTS IN THE FIELD. A STATE-OF-THE-ART DRUG INFORMATION SYSTEM PROTOTYPE HAS BEEN TESTED AND IS BEING IMPLEMENTED. THE DRUG INFORMATION SYSTEM WILL FUNCTION AS AN INTEGRATED DATA BASE WITH THE MOST TECHNICALLY ADVANCED AUTOMATION SYSTEM IN THE FBI. THE SYSTEM WILL BE PHASED INTO OPERATION IN 18 OF OUR FIELD OFFICES BEGINNING IN FISCAL YEAR 1990 AND WILL INCLUDE HARDWARE AND SOFTWARE TO DIRECTLY SUPPORT DRUG INVESTIGATIONS. THE SYSTEM WILL AID IN PROGRAM MANAGEMENT BY IMPROVING ASSET SEIZURE AND FORFEITURE PROCESSING; FORMULATING STRATEGY; ANALYZING RAW INTELLIGENCE DATA; PROJECTING TRAFFICKING ORGANIZATION TRENDS; AND PROVIDING COMPUTER AIDED VISUAL INVESTIGATIVE ANALYSIS. THE DRUG INFORMATION SYSTEM WILL PRODUCE NEAR-TERM BENEFITS TO SUPPORT A WIDE VARIETY OF FBI DRUG INVESTIGATIVE NEEDS WHILE MOVING TOWARD A FAR-TERM GOAL OF BECOMING THE NEXUS FOR A MULTIAGENCY, INTEGRATED DRUG ANALYTICAL INTELLIGENCE SYSTEM.

IT IS ONLY FITTING THAT THE MOST SIGNIFICANT DRUG-TRAFFICKING ORGANIZATIONS, AND THE CARTELS THEY FORM, SHOULD BECOME THE TARGET OF THE FBI'S MOST RECENT AND AMBITIOUS EFFORT INTO CRIMINAL INTELLIGENCE ANALYSIS.

COLOMBIAN CARTELS ARE FORMIDABLE OPPONENTS WORTHY OF THE BEST EFFORTS OF DRUG LAW ENFORCEMENT. AS AN EXAMPLE, THE INFAMOUS MEDELLIN CARTEL IS ACTUALLY A GROUP--OR CONGLOMERATE--MADE UP OF THE POOLED RESOURCES OF AT LEAST THREE PRINCIPAL ORGANIZATIONS: THE PABLO EMILIO ESCOBAR-GAVIRIA; THE JORGE LUIS OCHOA-VASQUEZ; AND THE GONZALO RODRIGUEZ-GACHA ORGANIZATIONS AND AT LEAST SEVENTEEN OTHER SUBORDINATE ORGANIZATIONS. THE STRUCTURE OF THE ORGANIZATIONS THAT MAKE UP THE MEDELLIN CARTEL IS FAIRLY TYPICAL OF COCAINE ORGANIZATIONS IN GENERAL.

WITH THE EXCEPTION OF THE "BOSSES" OF THE ORGANIZATION, THE MANAGEMENT HIERARCHY IS FAIRLY FLUID. GROUP MEMBERS MAY CHANGE POSITION, OR AFFILIATION WITHIN THE CARTEL, OCCASIONALLY BRANCHING OUT TO START THEIR OWN ORGANIZATION. YET THE KEY FIGURES IN ANY GROUP REMAIN RELATIVELY CONSTANT AND TRADITIONALLY ARE CLOSE RELATIVES, CHILDHOOD FRIENDS OR NEIGHBORS FROM HOMETOWNS IN COLOMBIA.

THE STRUCTURE OF A COLOMBIAN COCAINE CARTEL CAN BEST BE VISUALIZED USING A BUSINESS CONGLOMERATE FOR COMPARISON. IF THE CARTEL IS A TRUE CONGLOMERATE, THEN ESCOBAR, OCHOA, AND RODRIGUEZ-GACHA ARE CEO'S OF THE SUBSIDIARY CORPORATIONS AND FORM THE BOARD OF DIRECTORS. IT IS THE BOARD'S RESPONSIBILITY TO CONTROL PRODUCTION, LEVEL SUPPLY, BALANCE PRICES, EXPLORE AND

DEVELOP NEW MARKETS AND SETTLE DISPUTES ON A GLOBAL LEVEL. IN FACT, THE DROP IN COCAINE WHOLESALE PRICES IN THE UNITED STATES OVER THE PAST SEVERAL YEARS HAS FORCED THE MEDELLIN, CALI, AND OTHER CARTEL BOARDS OF DIRECTORS TO ESTABLISH AND DEVELOP NEW PRODUCT MARKETS. OUR INTELLIGENCE TREND PROJECTIONS SHOW AN INCREASING EMPHASIS ON EUROPE AS A COCAINE MARKET AS WELL AS A COMMODITY TRADING CENTER WHERE SOUTHEAST ASIAN HEROIN, STILL A STABLE MARKET LEADER IN THE UNITED STATES, IS BARTERED FOR COCAINE, WHICH IS BECOMING A GROWING PROFIT MAKER IN THE EUROPEAN COMMUNITY.

THE COCAINE TRADE IS, IN AN ECONOMIC SENSE, BOTH A PRODUCT AND SERVICE MARKET. IN THE INDIVIDUAL ORGANIZATION, THE DIVISION OF LABOR IS HIGHLY COMPLEX AND ORGANIZED. AT THE LOW- AND MID-LEVELS OF THIS CORPORATION, THE MANAGERS ARE EASILY TRANSFERRED BUT THE POSITIONS REMAIN CONSISTENT. CROP PRODUCTION AND REFINING ARE MULTIPHASED OPERATIONS AND AS SUCH ARE LABOR INTENSIVE, AND HAVE BEEN TRADITIONALLY FOREIGN-BASED, WHICH LIMITS THE FBI'S ABILITY TO GATHER STRATEGIC OPERATIONAL INTELLIGENCE ON THIS ASPECT. A TREND TO RELOCATING FINAL PROCESSING AND REFINING STEPS TO CLANDESTINE LABORATORIES WITHIN THE UNITED STATES HAS INCREASED AS THE UNITED STATES HAS DEVELOPED GREATER ABILITY TO CONTROL OR TRACK PRECURSOR CHEMICALS; HOWEVER, THIS RELATIVELY RECENT TREND IS NOT SIGNIFICANT WHEN CONSIDERING THE VAST NUMBER OF CLANDESTINE LABORATORIES LOCATED WITHIN THE SOURCE COUNTRIES OF COLOMBIA, PERU, AND BOLIVIA. ONCE REFINED, THE COCAINE PRODUCT MUST BE TRANSPORTED TO MARKETS

IN THE UNITED STATES AND EUROPE. HERE, PRODUCTION COSTS ARE INCREASED BY ADDING TRANSPORTATION COSTS FROM SOUTH TO CENTRAL AMERICA AND FROM THERE TO EITHER THE CARIBBEAN BASIN, OR MOST RECENTLY, MEXICO. OFTEN THE TRANSPORTATION MANAGERS ARE ALSO WHOLESALE DISTRIBUTORS OF THE PRODUCT. WHOLESALE DISTRIBUTION WITHIN THE MARKET AREA REQUIRES YET ANOTHER STRUCTURAL LEVEL IN THE ORGANIZATION HIERARCHY.

ONCE IN THE MARKET TERRITORY, COCAINE MUST BE STORED, TRANSPORTED AND SOLD IN AN INCREASINGLY HOSTILE ENVIRONMENT. SUBSTANTIAL COSTS ARE ADDED AT THE WHOLESALE AND FIRST LEVEL OF DISTRIBUTION WITHIN THE UNITED STATES. "PROPERTY CUSTODIANS" OR MANAGERS MUST RENT "STASH HOUSES," VEHICLES, COMMUNICATION DEVICES AND ALL SUPPORTING DOCUMENTATION AND FINANCING FOR THE "FRANCHISING" OF THE COCAINE PRODUCT WITHIN OUR BORDERS. MANY OF THE UPPER-LEVEL, LARGE-VOLUME TRANSFERS OF THE PRODUCT ARE CONDUCTED BY TOP-LEVEL MANAGERS PERSONALLY KNOWN TO EACH OTHER. "PROPERTY MANAGEMENT" AND TRANSPORTATION COORDINATION OFTEN INCLUDE COLOMBIAN-TO-COLOMBIAN CONTACTS. IT IS AT THIS LEVEL THAT INVESTIGATIVE LAW ENFORCEMENT, AS OPPOSED TO INTERDICTION OPERATIONS, MOST OFTEN ENCOUNTER THE COCAINE DISTRIBUTION NETWORK. IT IS ALSO AT THIS LEVEL THAT THE OPPORTUNITY IS PRESENTED TO USE SOPHISTICATED INVESTIGATIVE TECHNIQUES AND CAREFULLY RECRUITED INFORMANTS TO PENETRATE THE NETWORK AND BEGIN A LONG-TERM INVESTIGATION TO IDENTIFY AND

GATHER EVIDENCE AGAINST AS MANY ELEMENTS OF THE ORGANIZATION AS IT IS POSSIBLE TO PENETRATE. THE INVESTIGATIVE OPPORTUNITY MUST BE MAXIMIZED AND THE TEMPTATION TO QUICKLY SEIZE A SIGNIFICANT COCAINE LOAD AND ARREST THOSE PERSONS INITIALLY IDENTIFIED MUST BE REJECTED IN FAVOR OF THE LONGER TERM COMMITMENT TO DISMANTLE THE ORGANIZATION.

THE FBI'S RECENTLY CONCLUDED "CAT-COM" INVESTIGATION TARGETED THE "TRANSPORTATION DIVISION" OF THE COLOMBIAN ORGANIZATION. THE STATISTICS OF THIS CASE ARE IMPRESSIVE: IN EXCESS OF 5½ TONS OF COCAINE AND OVER 105 TONS OF MARIJUANA SEIZED OR RECOVERED. THE METHODS USED WERE EQUALLY UNIQUE. THE "CAT-COM" UNDERCOVER OPERATION SOLD SOPHISTICATED ELECTRONIC COMMUNICATIONS EQUIPMENT TO COLOMBIAN ORGANIZATION MEMBERS OPERATING IN SOUTH FLORIDA. THEN, THROUGH THE USE OF COURT-ORDERED ELECTRONIC SURVEILLANCE, THE FBI AND OTHER ORGANIZED CRIME ENFORCEMENT TASK FORCE AGENCIES, UNDER THE FBI'S LEAD, TRACKED AND SEIZED INCOMING SHIPMENTS WHILE IDENTIFYING AND PURSUING THE ORGANIZATION AND ITS MEMBERS.

A CRITICAL AND YET OFTEN OVERLOOKED FACTOR IN THE SUCCESS OF "CAT-COM" AND ITS GENRE IS THE ELEMENT OF OPERATIONAL INTELLIGENCE. WITHOUT AN INTELLIGENCE BASE, OUR "CAT-COM" UNDERCOVER AGENTS WOULD HAVE BEEN UNABLE TO ISOLATE THOSE INDIVIDUAL DRUG-TRAFFICKING ORGANIZATION MEMBERS FROM THE GENERAL POPULATION. EVEN MORE IMPORTANTLY, OUR INTELLIGENCE CAPABILITIES ENABLED THE FBI TO ISOLATE THE HIGHEST-LEVEL TRAFFICKERS TO TARGET FOR OUR COMMUNICATIONS OPERATION. TIME SPENT BY THE MIAMI

JOINT DRUG INTELLIGENCE GROUP HAS BEEN RETURNED TENFOLD BY SAVING SCARCE INVESTIGATIVE RESOURCES FROM FALSE STARTS AT SECONDARY TARGETS, EXPENSIVE PURSUITS OF TARGETS OF OPPORTUNITY, AND THE IMMEDIATELY GRATIFYING BUT OVERALL INEFFECTIVENESS OF "COLD HITS." "CAT-COM," I SHOULD MENTION, HAS SO FAR LED TO THE INDICTMENT OF 92 MAJOR DRUG CONSPIRATORS AND THE DISMANTLING OF 7 DRUG TRANSPORTATION AND DISTRIBUTION GROUPS ALLIED WITH THE MEDELLIN CARTEL.

THE CHARTED INTELLIGENCE PRODUCTS THAT I AM DISPLAYING HERE TODAY ARE BUT AN EXAMPLE OF A FIRST STEP IN A TOTAL, MULTIAGENCY APPROACH TO THE INTELLIGENCE ANALYTICAL PROCESS. BOTH FOREIGN AND DOMESTIC DATA IS REQUIRED ON A TIME-SENSITIVE BASIS. DATA STORAGE, RETRIEVAL AND COLLECTION CANNOT BE VIEWED AS THE FINAL PHASE OF THIS PROCESS. ANALYSIS IS ABSOLUTELY ESSENTIAL TO THE PRODUCTION OF QUALITY INTELLIGENCE INFORMATION. IT IS THE FBI'S PROVEN ABILITY TO GATHER, STORE, RETRIEVE AND ANALYZE INTELLIGENCE DATA THAT ADDS AN ESSENTIAL AND UNIQUE INGREDIENT TO DRUG LAW ENFORCEMENT. THE JOINT DRUG INTELLIGENCE GROUP IN MIAMI, THE DRUG INTELLIGENCE UNIT IN WASHINGTON AND THE FBI'S DRUG INFORMATION SYSTEM ARE DESIGNED TO GO BEYOND INVESTIGATIVE TARGETS OF OPPORTUNITY, AND COLD-HIT INTERDICTIONS WITH A CLEARLY DEFINED, INTELLIGENCE-DRIVEN INVESTIGATIVE TARGETING PROGRAM. THIS PROGRAM WILL ALLOW US TO EFFECTIVELY BRING TO BEAR THE FBI'S PROVEN ABILITY TO DISMANTLE COMPLEX CRIMINAL ORGANIZATIONS THROUGH THE USE OF SOPHISTICATED, LONG-TERM, ORGANIZATIONALLY DIRECTED INVESTIGATIONS.

THAT CONCLUDES MY PREPARED STATEMENT. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE AT THIS TIME.

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on Investigations

EXHIBIT # 1

THE MEDELLIN CARTEL

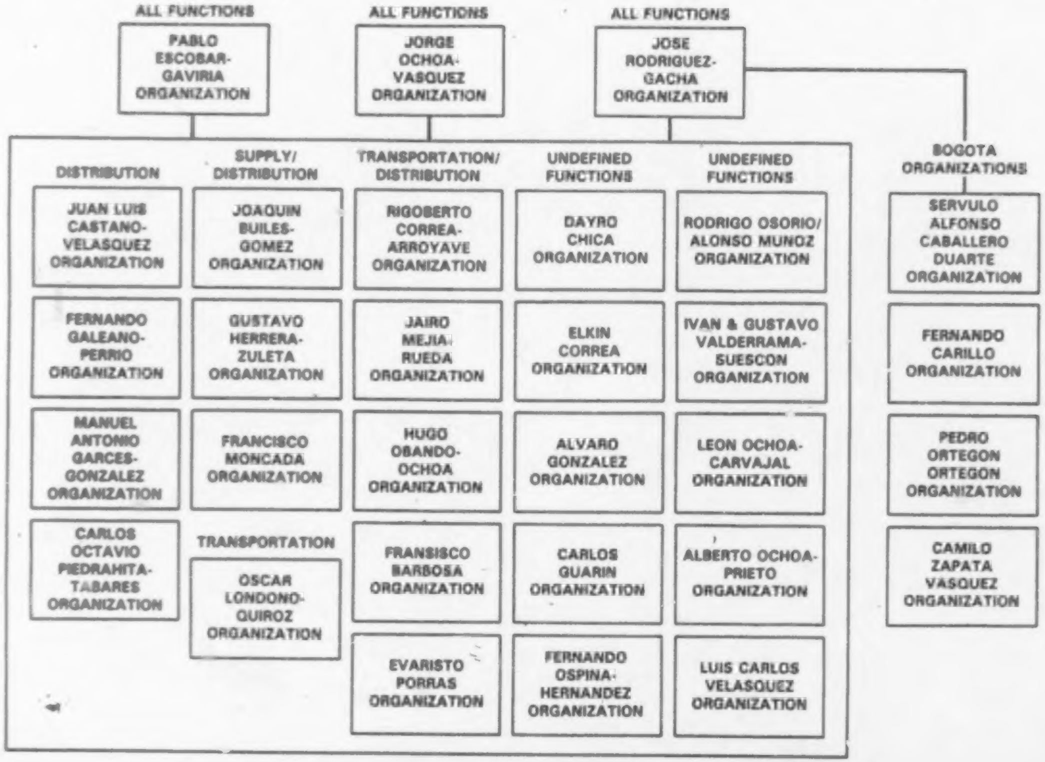
ALL FUNCTIONS
PABLO ESCOBAR-GAVIRIA ORGANIZATION
ALL FUNCTIONS
JORGE OCHOA-VASQUEZ ORGANIZATION
ALL FUNCTIONS
JOSE RODRIGUEZ-GACHA ORGANIZATION
DISTRIBUTION
JUAN LUIS CASTANO-VELASQUEZ ORGANIZATION
FERNANDO GALEANO-PERRIO ORGANIZATION
MANUEL ANTONIO GARCES-GONZALEZ ORGANIZATION
CARLOS OCTAVIO PIEDRAHITA-TABARES ORGANIZATION
SUPPLY/ DISTRIBUTION
JOAQUIN BUILES-GOMEZ ORGANIZATION
GUSTAVO HERRERA-ZULETA ORGANIZATION
FRANCISCO MONCADA ORGANIZATION
TRANSPORTATION
OSCAR LONDONO-QUIROZ ORGANIZATION
TRANSPORTATION/ DISTRIBUTION
RIGOBERTO CORREA-ARROYAVE ORGANIZATION
JAIRO MEJIA-RUEDA ORGANIZATION
HUGO OBANDO-OCHOA ORGANIZATION
FRANSISCO BARBOSA ORGANIZATION
EVARISTO PORRAS ORGANIZATION
UNDEFINED FUNCTIONS
DAYRO CHICA ORGANIZATION
ELKIN CORREA ORGANIZATION
ALVARO GONZALEZ ORGANIZATION
CARLOS GUARIN ORGANIZATION
FERNANDO OSPINA-HERNANDEZ ORGANIZATION
UNDEFINED FUNCTIONS
RODRIGO OSORIO/ ALONSO MUNOZ ORGANIZATION
IVAN & GUSTAVO VALDERRAMA-SUESCON ORGANIZATION
LEON OCHOA-CARVAJAL ORGANIZATION
ALBERTO OCHOA-PRIETO ORGANIZATION
LUIS CARLOS VELASQUEZ ORGANIZATION
BOGOTA ORGANIZATIONS
SERVULO ALFONSO CABALLERO DUARTE ORGANIZATION
FERNANDO CARILLO ORGANIZATION
PEDRO ORTEGON ORTEGON ORGANIZATION
CAMILO ZAPATA VASQUEZ ORGANIZATION

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EXHIBIT # 2

THE CALI CARTEL

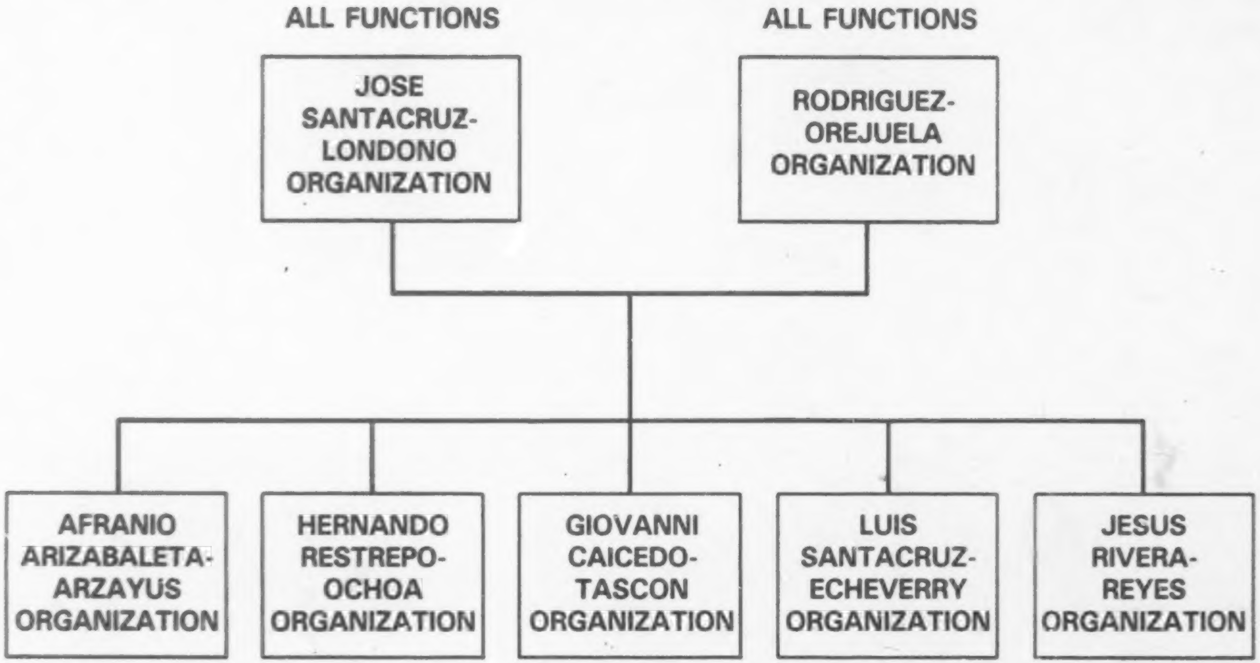
ALL FUNCTIONS
JOSE SANTACRUZ-LONDONO ORGANIZATION
ALL FUNCTIONS
RODRIGUEZ-OREJUELA ORGANIZATION
AFRANIO ARIZABALETA-ARZAYUS ORGANIZATION
HERNANDO RESTREPO-OCHOA ORGANIZATION
GIOVANNI CAICEDO-TASCON ORGANIZATION
LUIS SANTACRUZ-ECHEVERRY ORGANIZATION
JESUS RIVERA-REYES ORGANIZATION

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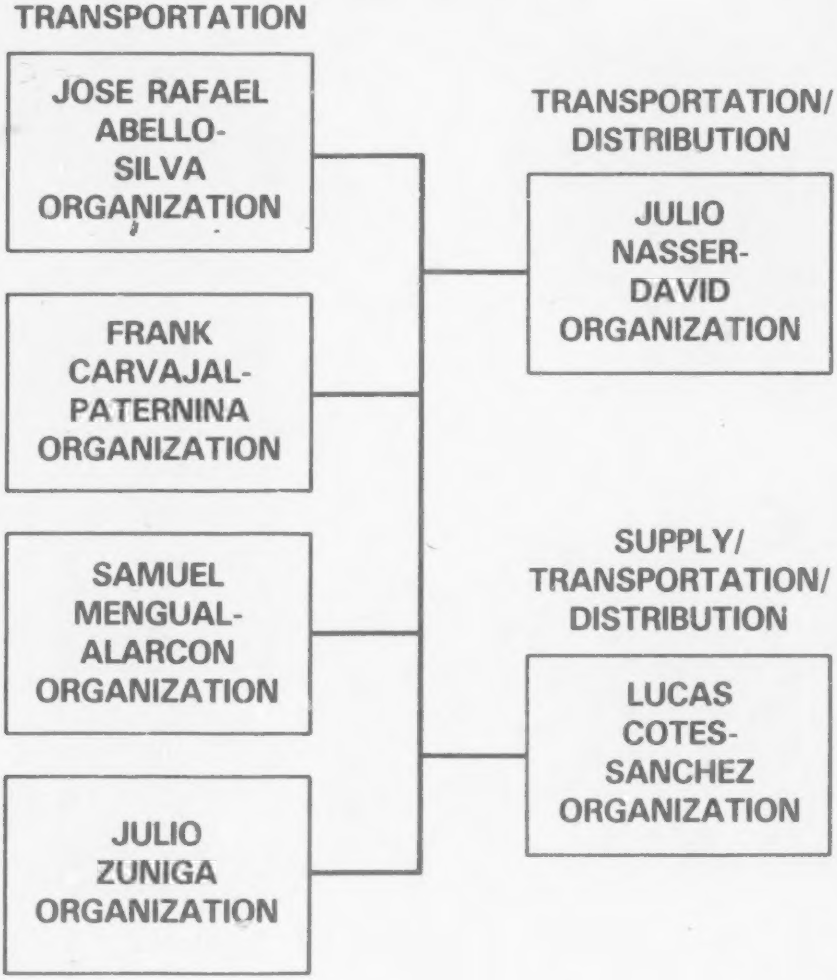
EXHIBIT # 3

THE NORTH ATLANTIC COAST CARTEL



TRANSPORTATION

JOSE RAFAEL ABELLO-SILVA ORGANIZATION

FRANK CARVAJAL-PATERNINA ORGANIZATION

SAMUEL MENGUAL-ALARCON ORGANIZATION

JULIO ZUNIGA ORGANIZATION

TRANSPORTATION/ DISTRIBUTION

JULIO NASSER-DAVID ORGANIZATION

SUPPLY/ TRANSPORTATION/ DISTRIBUTION

LUCAS COTES-SANCHEZ ORGANIZATION

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EXHIBIT # 5

CHRONOLOGY OF RECENT EVENTS IN COLOMBIA

Wed. Aug. 16, 1989: Colombian magistrate Carlos Valencia Garcia is assassinated in Bogota as he leaves his office. Garcia had recently ruled against drug traffickers Pablo Escobar and Rodriguez Gacha.

Thu. Aug. 17, 1989: Colombian judges call a national strike to demand better protection from assassins.

Fri. Aug. 18, 1989 AM: Col. Vlademar Franklin Quintero, Chief of Police for the Antioquia providence, is assassinated in Medellin.

Fri. Aug. 18, 1989 PM: Colombian Senator Luis Carlos Galan, the leading presidential candidate, is assassinated just outside Bogota.

Sat. Aug. 19, 1989: Colombian President Virgilio Barco declares war on drug traffickers by issuing measures that allow summary extradition to the U.S., and by calling for the confiscation of drug traffickers' assets. Medellin cartel responds by stating "now, the fight is in blood" on Colombian radio.

Sun. Aug. 20 - Mon. Aug. 21, 1989: Colombian police raid drug traffickers' properties, including the suspected house of Rodriguez Gacha, and detain 11,000 people. Eduardo Martinez Romero, alleged financial manager for traffickers, is arrested. Martinez was indicted last May in Atlanta, GA. on money laundering charges.

Tue. Aug. 22, 1989: U.S. asks Colombian government to aid in the extradition of the "dozen most wanted" drug traffickers.

Wed. Aug. 23, 1989: Colombian Justice Minister Monica de Greiff appeals to the U.S. for assistance in the war on drugs.

Thu. Aug. 24, 1989: Drug traffickers announce "total and absolute war against the government." Bombings in the offices of the two largest political parties in Medellin.

Fri. Aug. 25, 1989: President Bush pledges $65 million in aid to Colombia to fight drug traffickers. Colombian President Barco appeals to the public in a TV address. Traffickers strike back with arson in Medellin.

Sun. Aug. 27, 1989: Bombs explode at seven branches of Colombian banks owned by the government and coffee growers.

Mon. Aug. 28, 1989: Colombian security forces report that British and Israeli mercenaries helped train assassins for the drug traffickers.

Tue. Aug. 29, 1989: Colombian Justice Minister Monica de Greiff vows to stay on the job, despite rumors of her resignation, and asks the U.S. for assistance. Six state-runned liquor stores are bombed in Medellin. Bombing in Bogota. Fabio Ochoa, father of suspected drug traffickers, sends a letter to Colombian President Barco asking for negotiations between the traffickers and the government.

Wed. Aug. 30, 1989: Three judges resign in Medellin. The mayor of Medellin declares a 10pm to 6am curfew. U.S. urges embassy dependents to leave Colombia.

Thu. Aug. 31, 1989: Powerful bomb explosion in Medellin.

Sat. Sep. 2, 1989: El Espectador newspaper offices are bombed.

Sun. Sep. 3, 1989: Two small bombs explode in Medellin.

Mon. Sep. 4, 1989: Gunman in military uniform opens fire in Medellin airport.

Tue. Sep. 5, 1989: President Bush announces his anti-drug strategy.

Wed. Sep. 6, 1989: Eduardo Martinez Romero, alleged financial manager of drug traffickers, is extradited to the U.S. where he is under indictment for money laundering.

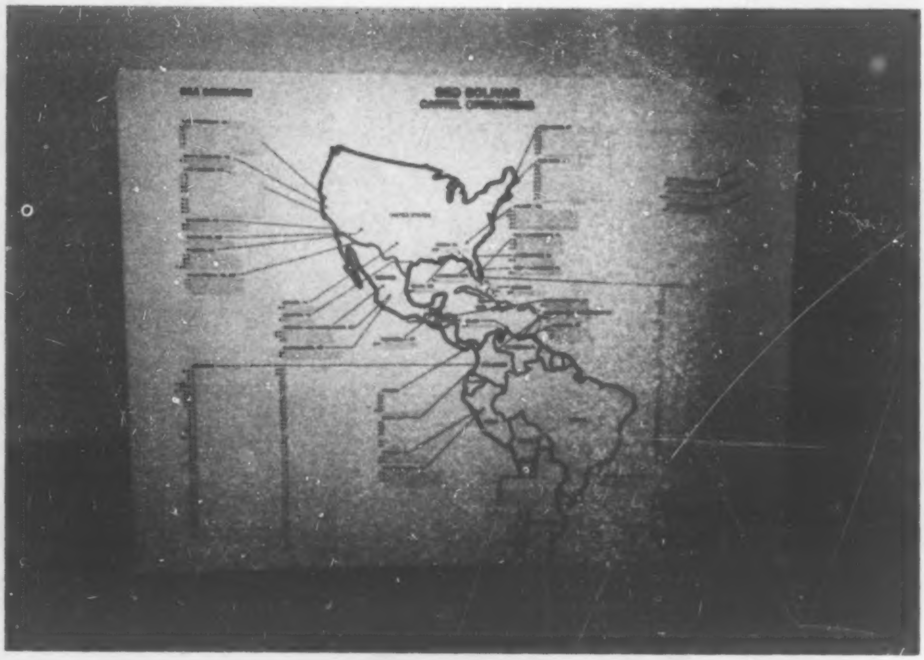

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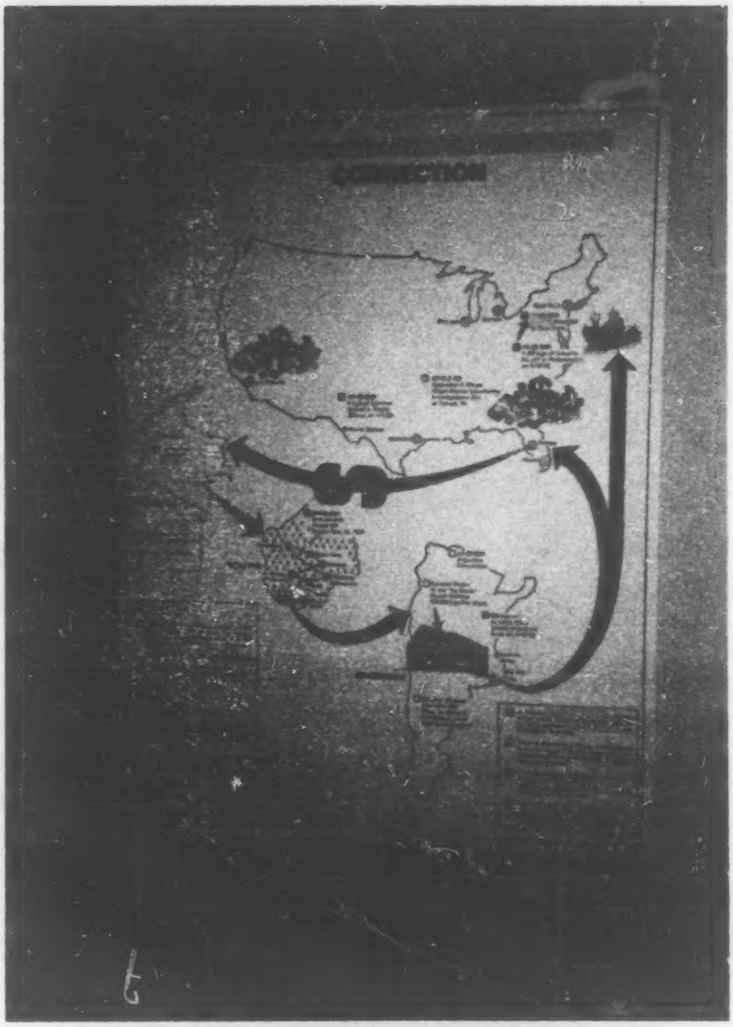
EXHIBIT # 7



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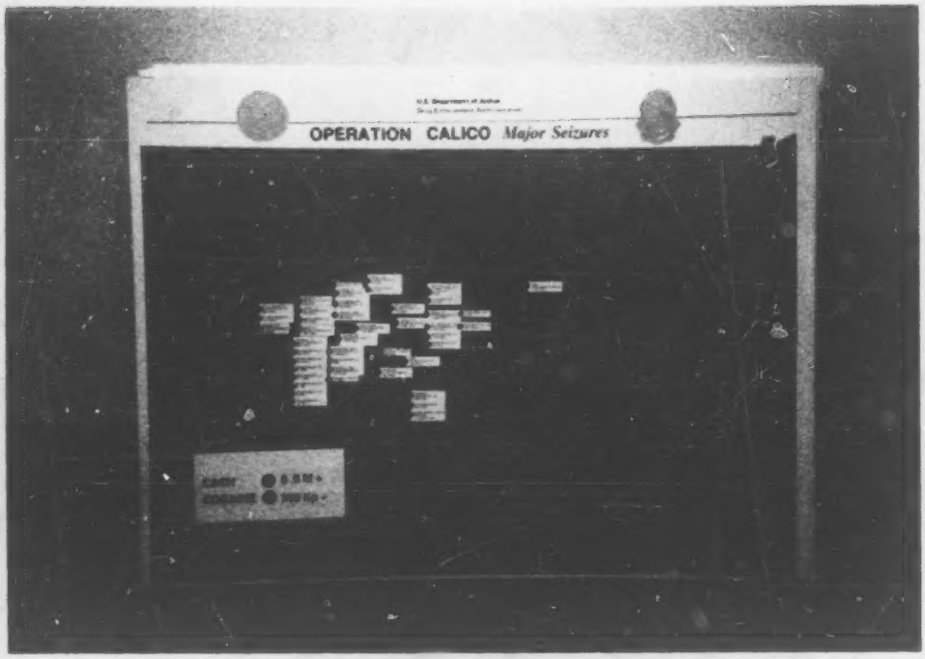

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EXHIBIT # 9

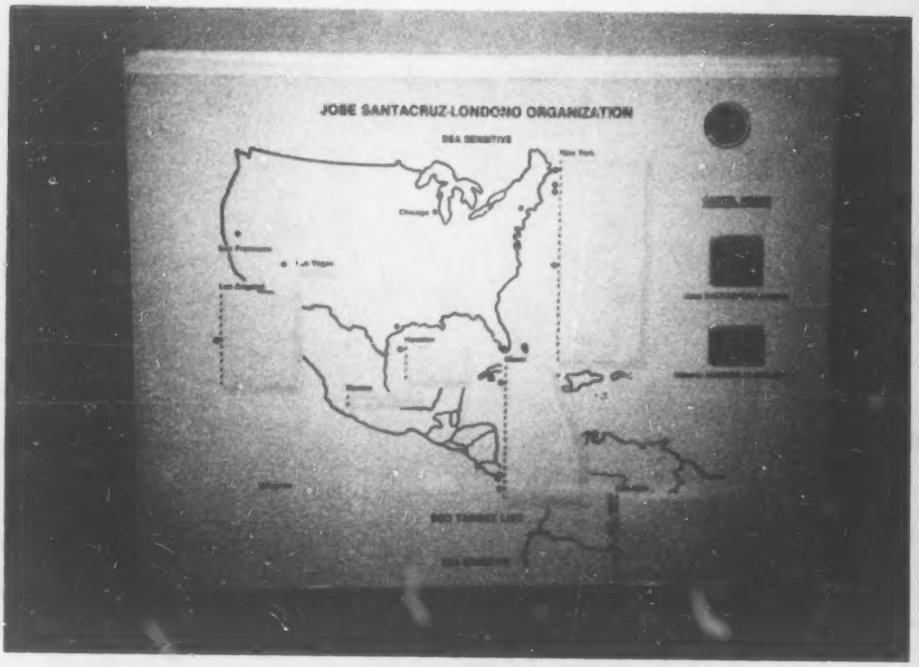

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EXHIBIT # 10

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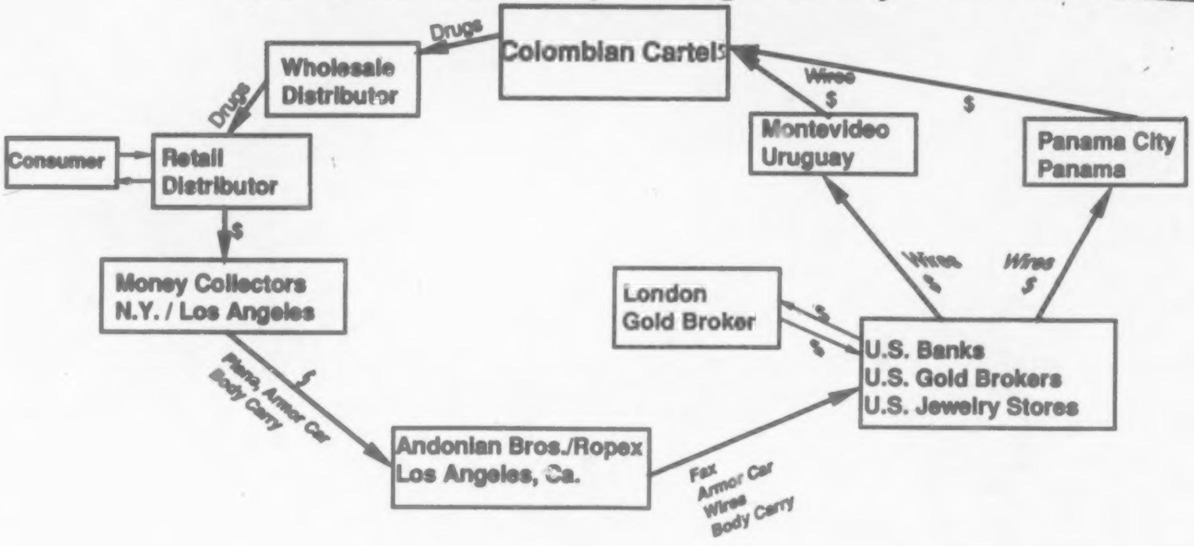
EXHIBIT # 11

Operation Polar Cap - Drugs/Money Flow


Colombian Cartels
Drugs
Wholesale Distributor
Drugs
Consumer
Retail Distributor
$
Money Collectors N.Y. / Los Angeles
$
Plane, Armor Car Body Carry
Andonian Bros./Ropex Los Angeles, Ca.
Fax Armor Car Wires Body Carry
U.S. Banks U.S. Gold Brokers U.S. Jewelry Stores
London Gold Broker
$
$
Wires $
Wires $
Montevideo Uruguay
Panama City Panama
Wires $
$

STATISTICS

Cash Seized	$12,171,286
Total Assets Seized	$92,943,824
Cocaine Seized	2,124 lbs.
Marijuana Seized	19,240 lbs.
Arrests	110

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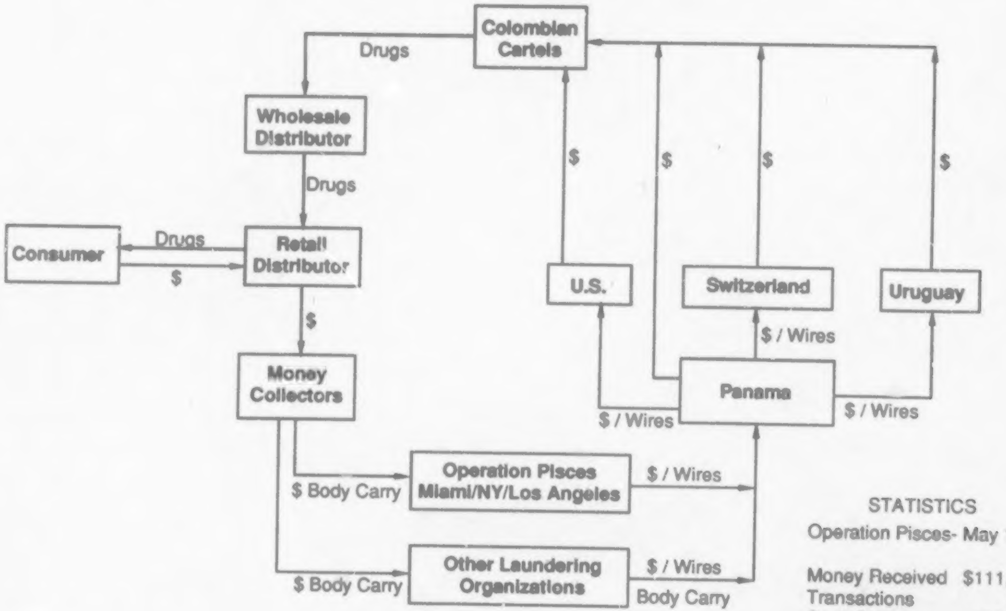
EXHIBIT # 12

Operation Pisces-Drug/Money Flow



STATISTICS

Operation Pisces- May 1987

Money Received	$111,759,296
Transactions	326
Cash Seized	$56,038,445
Total Assets Seized	$77,418,588
Cocaine Seized	21,062 lbs.
Arrests	415

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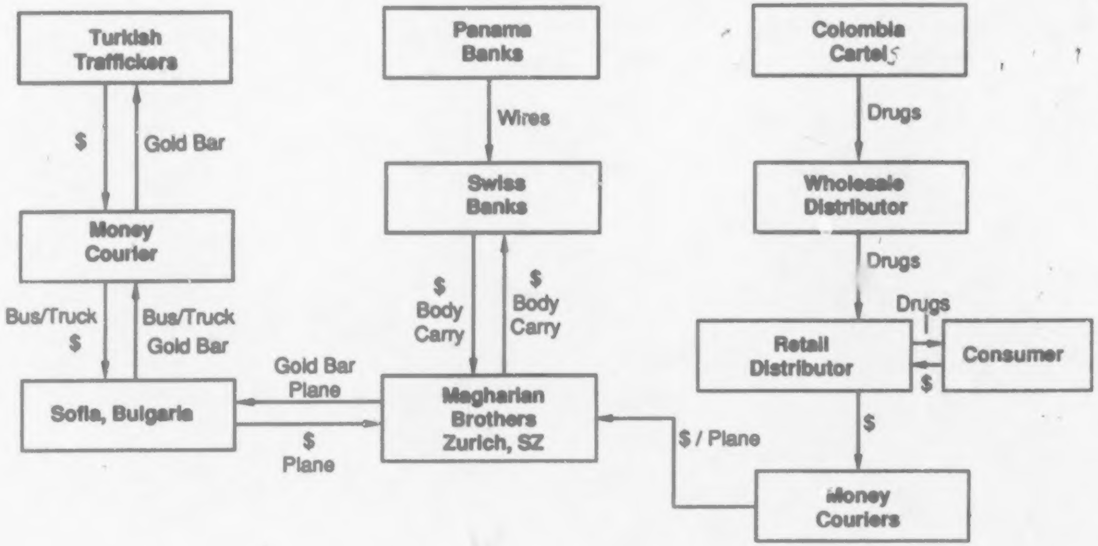
EXHIBIT # 13

The Swiss Connection



STATISTICS

Drugs: 100 Kilos Heroin/Morphine Base
Assets: $18 Million US Currency

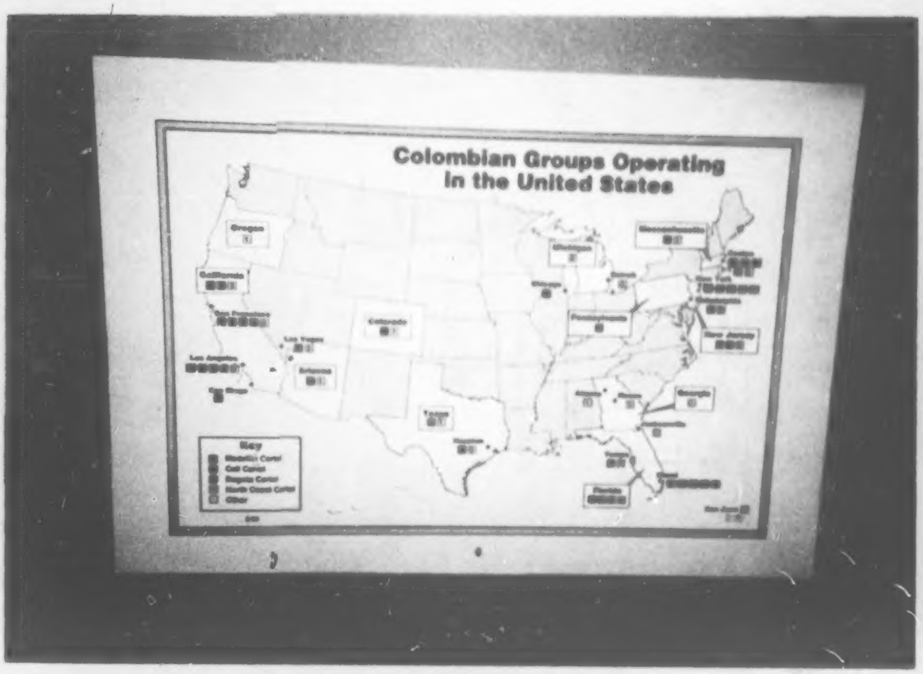


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EXHIBIT # 14

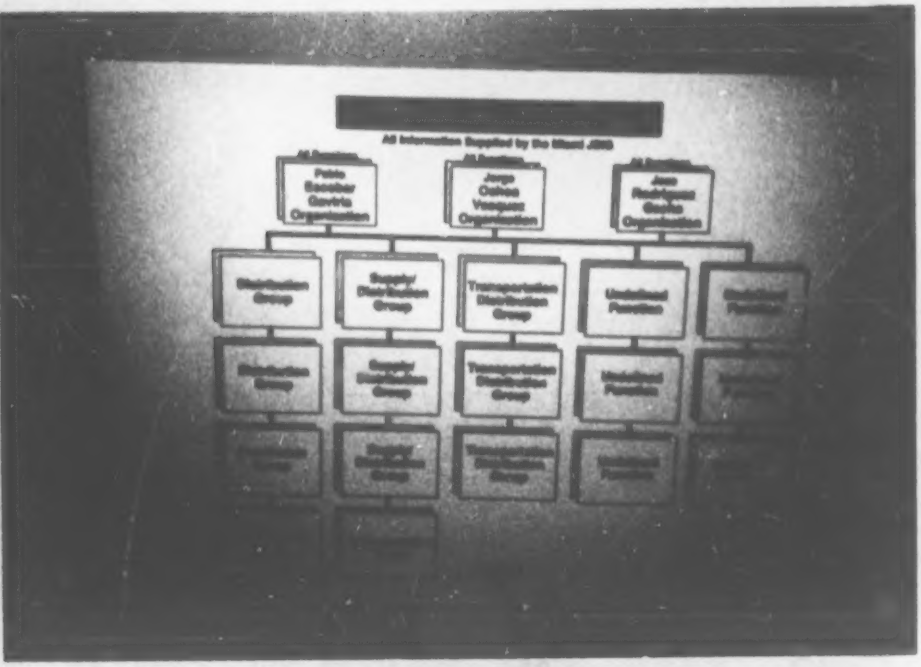
All Functions
Pablo Escobar Gaviria Organization
All Functions
Jorge Ochoa Vasquez Organization
All Functions
Jose Rodriguez Gacha Organization
Distribution Group
Supply/ Distribution Group
Transportation Distribution Group
Undefined Function
Undefined Function
Distribution Group
Supply/ Distribution Group
Transportation Distribution Group
Undefined Function
Supply/ Distribution Group
Transportation Distribution Group
Undefined Function

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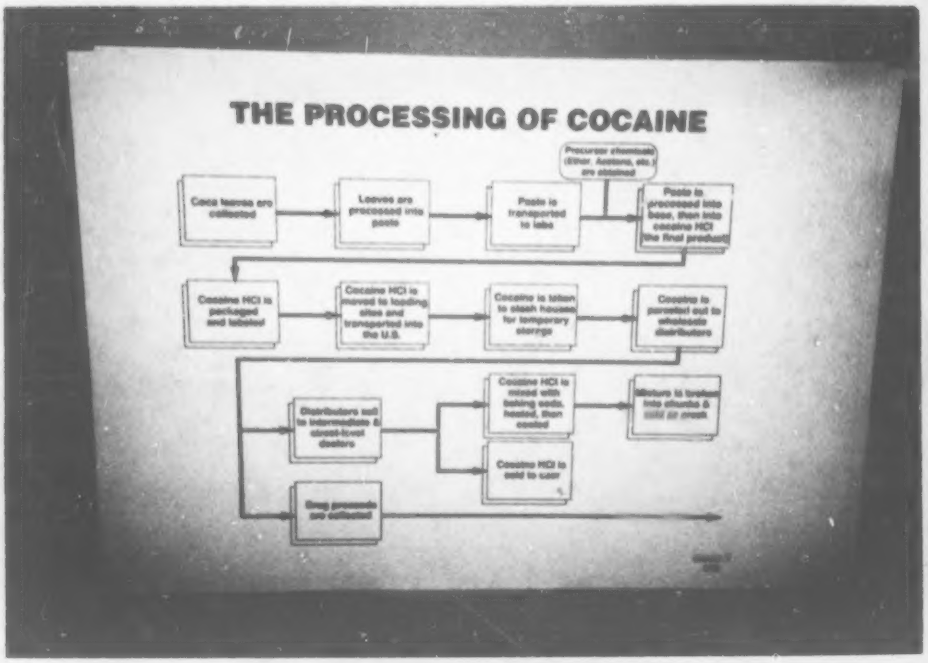
EXHIBIT # 15



THE PROCESSING OF COCAINE

Coca leaves are collected

Leaves are processed into paste

Paste is transported to labs

Precursor chemicals (Ether, Acetone, etc.) are obtained

Paste is processed into base, then into cocaine HCl (the final product)

Cocaine HCl is packaged and labeled

Cocaine HCl is moved to loading sites and transported into the U.S.

Cocaine is taken to stash houses for temporary storage

Cocaine is parceled out to wholesale distributors

Distributors sell to intermediate & street-level dealers

Cocaine HCl is mixed with baking soda, heated, then cooled

Mixture is broken into chunks & sold as crack

Cocaine HCl is sold to user

Drug proceeds are collected

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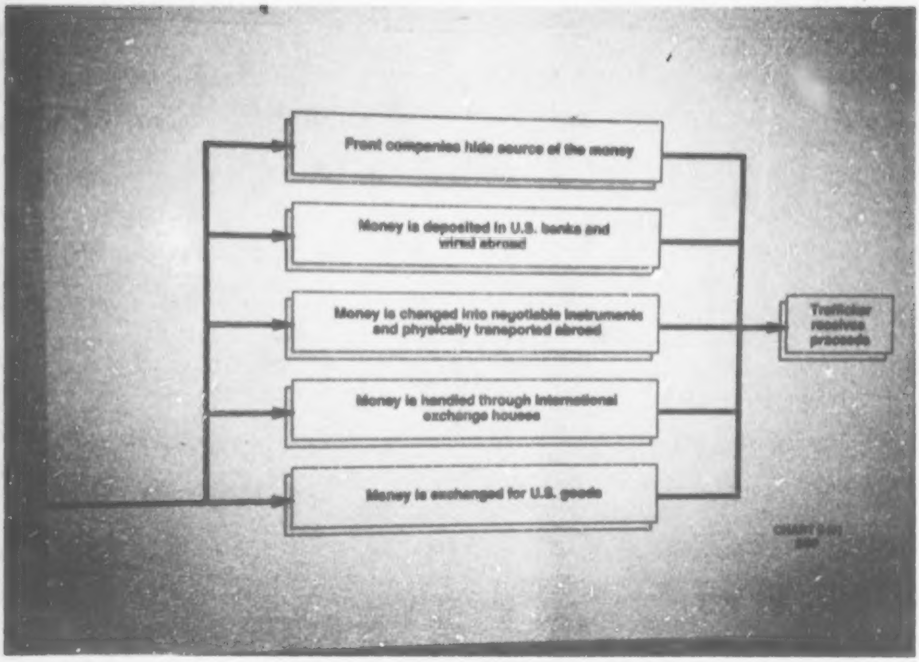
EXHIBIT # 16



Front companies hide source of the money

Money is deposited in U.S. banks and wired abroad

Money is changed into negotiable instruments and physically transported abroad

Money is handled through international exchange houses

Money is exchanged for U.S. goods

Trafficker receives proceeds

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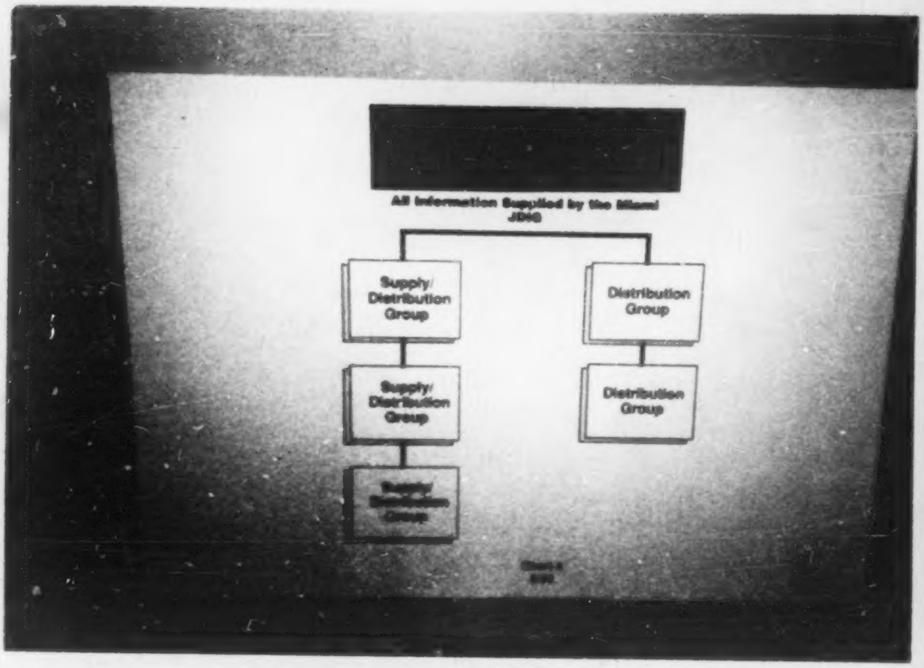
EXHIBIT # 17



[redacted]

All Information Supplied by the Miami JDIG

Supply/ Distribution Group

Supply/ Distribution Group

Supply/ Distribution Group

Distribution Group

Distribution Group

Chart 4
[illegible]

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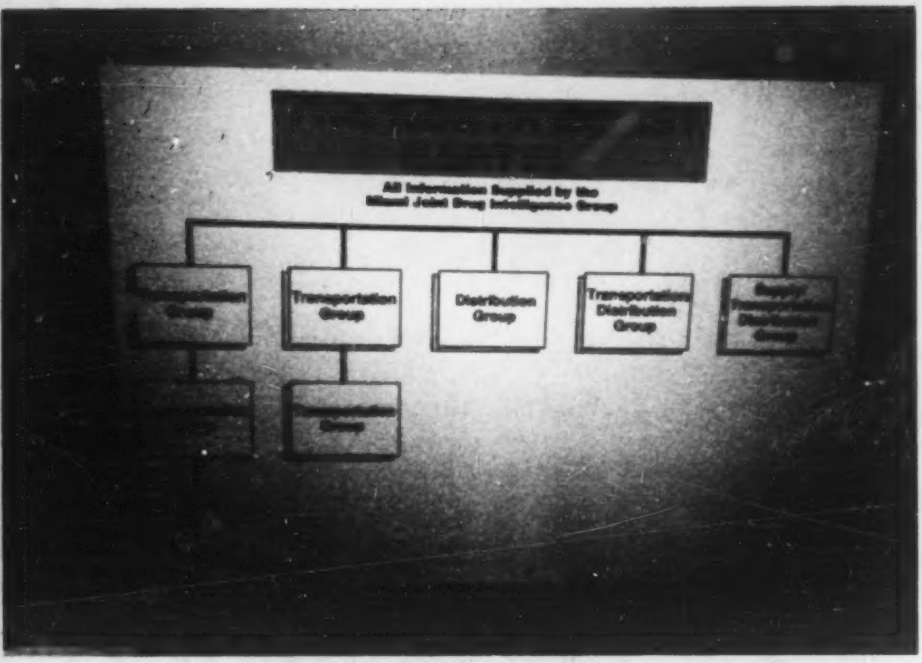
EXHIBIT # 18



All Information Supplied by the
Miami Joint Drug Intelligence Group

[illegible] Group

Transportation Group

Distribution Group

Transportation Distribution Group

Supply [illegible] Distribution Group

[illegible] Group

[illegible] Group

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EXHIBIT # 19

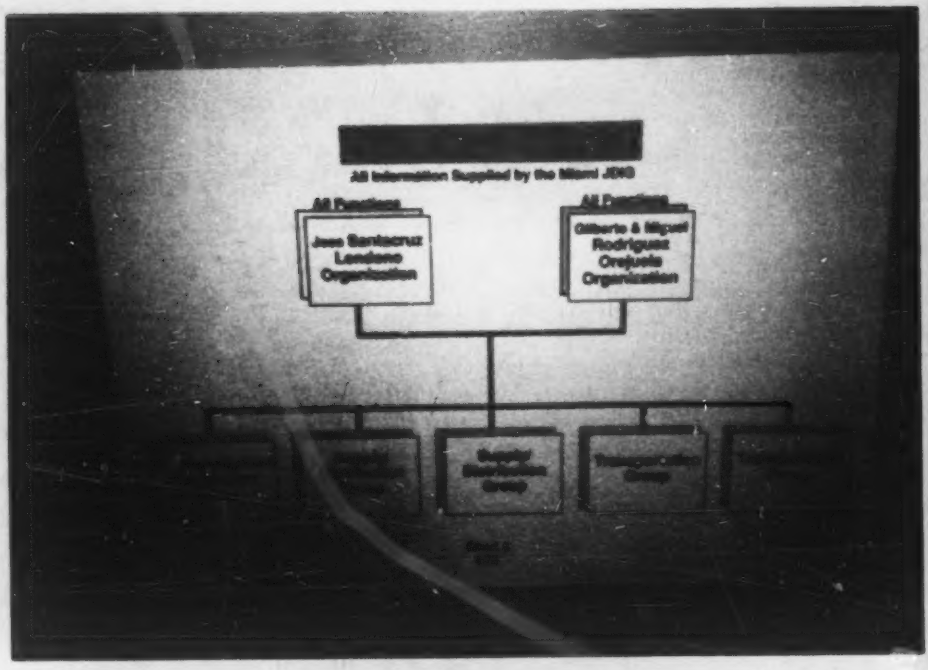
[redacted]
All Information Supplied by the Miami JDIG
All Functions
Jose Santacruz Londono Organization
All Functions
Gilberto & Miguel Rodriguez Orejuela Organization
Supply Distribution Group
Transportation Group

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EXHIBIT # 20

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EXHIBIT # 24

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